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REPORT
ON THE
WORKING OF THE SHOPS AND ESTABLISHMENT ACT 1939

COOPERATIVE FARMING IN BOMBAY PROVINCE

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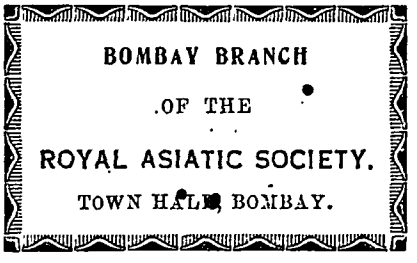

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Report of the Committee appointed to enquire into the working of the Shops and Establishments Act, 1939

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1918

REPORT OF THE BOMBAY SHOPS AND ESTABLISHMENTS ACT INQUIRY COMMITTEE.

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REPORT OF THE BOMBAY SHOPS AND ESTABLISHMENTS ACT INQUIRY COMMITTEE.

Part I.

INTRODUCTORY.

In the Statement of Labour Policy issued by the Government of Bombay on May 22, 1946 (Government Resolution, Political and Services Department, No. 9921/34, dated May 22, 1946), it was announced that the working of the Bombay Shops and Establishments Act, 1939, would be reviewed and an early endeavour made to remove the deficiencies that might be disclosed. In pursuance of that policy, Government issued a Resolution, No. 9979/34, in the Political and Services Department, on June 12, 1946, appointing Mr. R. R. Bakhale "to make an inquiry into the working of the said (Bombay Shops and Establishments) Act, to study any difficulties that may have been experienced in the administration of the Act and to make recommendations, if necessary, for improving the administrative and the substantive provisions of the Act, having regard to the needs and interests of all sections of the population affected by the law." On the same date, they issued a Press Note announcing the inquiry and inviting suggestions from the interests concerned and the public, bearing on the subject matter of the inquiry. Similar press *communiques* either by Government or Mr. Bakhale were issued from time to time for a few months.

2. In June, 1947, Mr. Bakhale informed Government of his prolonged illness and requested them to relieve him of the work of inquiry. The Government complied with his request and, by another Resolution, No. 9979/34, issued in the Political and Services Department, on June 5, 1947, appointed a Committee with Mr. Shantilal Harjivan Shah, M.L.C., as Chairman, Messrs. R. R. Bakhale and Chimanlal C. Shah as members, and Mr. V. P. Keni, Deputy Director of Labour (Administration) as Secretary, to do the work originally assigned to Mr. Bakhale. In a Press Note issued on June 6, 1947, Government once again invited suggestions from the interests concerned and the public, bearing on the subject matter of the inquiry.

3. The Government placed at the disposal of Mr. Bakhale, and, subsequently, of the Committee all the files containing material relating to the inquiry, which had gathered in the Secretariat since the passage and coming into operation of the Bombay Shops and Establishments Act, 1939. The material included reports on the working of the Act from the municipalities and other local authorities to the areas of which the Act was applied, representations pointing out the difficulties experienced in the actual working of the Act and suggestions for its modification from a few of the municipalities and other local authorities, employers and employees. In response to the appeals made through the press *communiques*, fresh material poured in from the interests concerned and the general public.

4. The Committee took oral evidence in Bombay on July 12, 19, 25 and 26, 1947, in Ahmedabad on July 5 and 6, 1947, at Surat on July 13, 1947, at Jalgaon on July 20, 1947, and in Poona on August 3, 1947. The Committee regrets that, in spite of its desire to visit many more places of importance in the Presidency and to meet, and discuss the subject matter of the inquiry with, as many associations and persons interested in it as possible, it could not do so partly because it was anxious to expedite its report which had already been

delayed and largely because it found after going through the written evidence (which was received from all parts of the Province) and hearing the oral evidence at Bombay, Ahmedabad, Surat, Jalgaon and Poona that there was hardly any material point involved in the inquiry which it had not seen recorded and emphasised either in the written or oral evidence. Indeed, we found that the points were mostly common in both kinds of evidence and the elucidation we got in oral evidence at the five places where we recorded evidence, substantially contained the same or similar arguments in support of the points made. Such difference as we noticed was in emphasis and degree, and not in kind, though the difference in the view points, recorded in the evidence, of different interests concerned was considerable and, in some cases, even substantial.

5. The Committee held in all 30 meetings—2 in June, 13 in July, 4 in August, 2 in September, 5 in October and 4 in December. At 9 of these meetings we recorded oral evidence ; and the rest of them we devoted to the consideration of the written and oral evidence, the discussion of the line of our recommendation and the finalisation of our report including the Bomaby Shops and Establihsments Bill attached to it. In addition to a large number of written representations we received, the Committee recorded oral evidence of 139 persons who appeared before it either individually or on behalf of institutions or associations. The names of these are given in Appendix A to this report.

Part II.

Shop Legislation in India—I.

6. Before we proceed to the main task of our work, we propose to review the beginning, growth and progress of the shops legislation in India (as she was before August 15, 1947) and to compare its important provisions as they obtain in different provinces. Such a review and comparison will, in our opinion, provide a suitable background to the consideration of the task committed to our charge and enable the public to judge our recommendations in proper perspective.

7. The first attempt at shops legislation in India was made in this Province thirteen years ago; and the attempt was a private or non-official one. In September, 1934, Mr. R. R. Bakhale introduced in the then Bombay Legislative Council a Bill "to prohibit the employment of children and to limit the hours of work of young persons in shops and to provide for their early closing". The Bill was modest in its scope and purpose. It contained two kinds of provisions—one relating to the shops and the other relating to the conditions of employment therein. Every shop was required to be closed by 8-0 p.m. on six days in the week and by 9-0 p.m. on the remaining day. Local authorities were given the power to fix the closing hours of shops at not later than 7-0 p.m. on one day of the week. Exceptions to these provisions were provided in the schedule. Every shop was required to be closed for the serving of customers at not later than 1-0 p.m. on one week day in every week. A few exceptions to this provision were provided in another schedule. Children under twelve years of age were prohibited from employment in any shop. Seventy hours of work per week including meal times were prescribed for young persons under eighteen years of age. Domestic servants were excluded from this provision. A weekly half holiday was prescribed for every shop assistant. An alternative provision to a weekly half holiday was provided for shop assistants working in restaurants. Intervals for meals were also regulated in accordance with a schedule. From this provision, family members of the employer were excluded. The administration of the Act was left to the local authorities. In July, 1935, the Bill was circulated for eliciting public opinion. Simultaneously with the process of eliciting public opinion, the Labour Office, Bombay, conducted an inquiry into the wages and hours of work and conditions of employment in the retail trades of some towns in the Bombay Presidency. The results of the inquiry disclosed facts and conditions which established a need for legislation. The public opinion elicited on the Bill was found to be overwhelmingly in its favour. The Bill, however, was defeated in the Council in March, 1936.

8. The year 1939 achieved what the year 1936 could not. In the matter of regulating hours of work and other conditions of employment of persons employed in shops, commercial establishments and establishments for public entertainment or amusement, the Congress Government in this Province took the lead and passed in 1939 the Bombay Shops and Establishments Act, 1939. In 1940, Sind, Bengal and the Punjab followed suit and passed respectively the Sind Shops and Establishments Act, the Bengal Shops and Establishments Act and the Punjab Trade Employees Act. The latter Act which was extensively amended in 1943, came to be applied to Delhi in 1942. In the same year, the Central Legislature passed the Weekly Holidays Act, 1942, providing for a weekly holiday in shops, restaurants, theatres, etc. But the Act comes into force in a province or in a specified area in a province, only if the Provincial Government by notification so direct. It is so far applied in certain specified areas in Ajmer-Merwara, British Baluchistan, Assam, Bihar and N. W. F. Province. The latter province prepared in 1943

a N. W. F. Province Trade Employees Bill. It is not, however, known that it is passed into an Act. In 1947, the Central Provinces and Berar, the United Provinces of Agra and Oudh and Madras passed respectively the Central Provinces and Berar Shops and Establishments Act, the United Provinces Shops and Commercial Establishments Act and the Madras Shops and Establishments .Act. In the other provinces of Assam, Bihar and Orissa, no legislation on shops and establishments has so far been passed. In June, 1946, the Central Government placed before the Standing Labour Committee a memorandum on the regulation of conditions of employment etc. in business houses and commercial undertakings in urban areas.

9. The Bombay, Sind, Bengal, Punjab, C. P. and Berar, U. P. and Madras Acts extend to the whole of their respective provinces; but they do not apply every where simultaneously. They enumerate certain cities, towns or areas to which they apply in the first instance (the Madras Act applies to all the municipalities and major panchayats) and empower the Provincial Governments concerned to apply on a specified date—

(*a*) all or any of their provisions—

(*i*) in any of area (Bombay, Sind, C. P. & Berar and Madras Acts);

(*ii*) in any area in respect of all or any specified class of shops or commercial establishments (U. P. Act);

(*b*) their provisions—

(*i*) in any area (the Punjab Act);

(*ii*) in any area or to specified shops or establishments or classes of shops or establishments in such area (Bengal Act).

The Central Government memorandum of June, 1946, suggested that the "Act may in the first instance apply to all municipal areas, the Provincial Governments being empowered to extend it by notification to such other areas as may be prescribed. If even this is likely to cause administrative difficulties, the first application may be limited to municipal areas with a population of certain prescribed number or more".

10. *Scope.*—The scope of the Acts is determined by the establishments and the employees they cover. The Establishments shops and commercial establishments—are common to all the Acts, though they vary to some extent in their content. The Bombay, Sind, C. P. and Berar and Madras Acts have another category of establishments, viz., restaurants, eating houses (residential hotels in Madras), theatres and other places of public amusement and/or entertainment—establishments which the Bengal Act covers under the general expression or category of establishments of public entertainment or amusement and which are mostly covered either under shops or commercial establishments in the Punjab and U. P. Acts. In order that the provisions in the Acts relating to these various establishments may be properly understood, it is necessary to know broadly their definitions given in these Acts.

11. The definition of "shop" takes one line in the Bombay, Sind, C. P. and Berar and Madras Acts, another line in the Punjab and U. P. Acts and a third line in the Bengal Act. Bombay, Sind, C. P. and Berar and Madras define shop as any premises where goods are sold either by retail or wholesale or both (Madras uses the words "where any trade or business is carried on") or where services are rendered to customers. The Punjab and U. P. define it as any premises where

wholesale or retail trade or business is carried on. The U. P. defines "retail trade or business" as, *inter alia*, business of sale of goods in small quantities and the rendering of services to customers and thus brings the definition of shop nearer to that in the Bombay, Sind, C. P. and Berar and Madras Acts. Bengal defines shop as any premises used wholly or in part for the wholesale or retail sale of commodities or articles for cash or on credit. Bombay, Sind, C. P. and Berar, Madras, the Punjab and U. P. include in the definition of shop offices, store rooms, godowns or warehouses used in connection with such trade or business. Sind adds tailoring and carpentry to the definition. By defining "retail trade or business", the Punjab and U. P. have included in the definition of shop the business of a barber or hair dresser, the sale of refreshments or intoxicating liquors and retail sale by auction. To this list the U. P. has added the sale of cooked food. Instead of adding any category of shops or establishments to the definition of shop, the Bengal Act merely gives power to Government to include within the definition such other premises as they may declare by notification. From that definition, (1) the Bombay, Sind, Bengal, C. P. and Berar and Madras Acts exclude commercial establishments; (2) the Bombay, Sind, C. P. and Berar and Madras Acts exclude restaurants and eating houses; (3) the Bengal Act excludes establishments for public amusement or entertainment, which expression includes restaurants, eating houses, cafes, theatres and such other establishments or classes thereof as Government may declare; and (4) the C. P. and Berar Act excludes a shop attached to a factory where the persons employed in the shop are allowed the benefits provided for workers under the Factories Act. The point to be emphasised here is that, while the sale of refreshments is included within the definition of shop in the Punjab and the U. P. Acts and cooked food in the U. P. Act, restaurants, eating houses and cafes are excluded from it in the Bombay, Sind, Bengal, C. P. and Berar and Madras Acts.

12. The Bombay, Sind, C. P. and Berar and Madras Acts define "commercial establishment" almost in identical language. The definition under the Bengal Act is modelled substantially on the lines of the above Acts. The Punjab and U. P. Acts almost go together in the definition of that expression, which starts by saying that the expression means any premises wherein any trade or business is carried on for profit. All the Acts include in the definition the business of insurance or insurance company, bank or banking, broker's office or stocks, shares or brokerage, exchange or produce exchange and clerical department of a factory (or of an unregulated factory in C. P. and Berar) or (except in the Punjab) industrial or commercial undertaking. In addition to these, (1) the Bombay, Sind, Bengal, C. P. and Berar and Madras Acts include in the definition the business of advertising, commission, forwarding or commission agency; (2) the Punjab and U. P. cts add to it the business of journalistic and printing establishments, theatres, cinemas and places of other public entertainment. It may be noted that the places of other public entertainment under the Punjab and U. P. Acts seem to relate to places akin to theatres and cinemas and do not seem to extend, as in the Bengal Act, to restaurants, eating houses or cafes. From the definition of commercial establishment, (1) all the Acts exclude shops; and (2) the Bengal Act excludes establishments for public entertainment or amusement, which include, as is already pointed out, restaurants, eating houses, cafes, cinemas, theatres, etc. The point to be emphasised here is that, while the Punjab and U. P. Acts include within the definition of commercial establishment theatres, cinemas and similar places of public entertainment, the Bengal Act excludes them from it.

13. Apart from "shops" and "commercial establishment", the Bombay, Sind, C. P. and Berar and Madras Acts have, as is pointed out in paragraph ten, another category of establishments, viz., restaurants, eating houses, (residential hotels in Madras), theatres or other places of public amusement or entertainment, which, in the Punjab and U. P., are mostly covered under shops or commercial establishments; and the Bengal Act has a category of establishments of public entertainment or amusement—a category which covers the establishments mentioned above. These categories together with the points emphasised in paragraphs eleven and twelve on the one hand and the two categories of shops and commercial establishments on the other—all these taken together show that, broadly speaking, the scope of all the Acts is almost the same and similar.

The Central Government memorandum of June, 1946, says that it "is not proposed that the proposed legislation should cover Government Departments or offices, as general conditions in these are not likely to fall below the minimum standard contemplated. If any further improvements are effected in non-Government undertakings, Government, it is hoped, would doubtless follow the example".

14. The expression "person employed" is defined in almost identical language in the Bombay, Sind, C. P. and Berar and Madras Acts and, though it is defined differently in the Bengal Act, it covers the same or similar ground as that of the other four Acts. The Punjab Act defines "employees" as a person employed about the business of a shop or commercial establishment, even though he receives no reward for his labour. The U. P. Act defines him as a person wholly or mainly employed on wages in or in connection with any trade or business carried on in a shop or commercial establishment.

The Central Government memorandum suggests that the persons employed in the following shops may be covered by the proposed legislation:—

(*a*) commercial or trading establishment;

(*b*) establishments and administrative services in which the persons employed are mainly engaged in office work;

(*c*) office sections of factories as defined in section 2 (*j*) of the Factories Act, 1934; and

(*d*) restaurants, eating houses, theatres or other places of public amusement.

15. *Exemptions.*—The Acts exempt, either wholly or partly, certain categories of persons and establishments from the operation of all or certain of their provisions. Bombay, Sind, Bengal and C. P. and Berar provide for total exemptions only, while the Punjab, U. P. and Madras provide for both total and partial exemptions. The U. P. Act provides for the minimum, and the Punjab and Bengal Acts provide for the maximum, number of total exemptions. The Madras Act is nearer the U. P. Act in this respect. The Bombay, Sind and C. P. and Berar Acts provide for half a dozen more total exemptions than the U. P. Act. The following groups enumerate broadly the total exemptions by provinces:—

Group No 1 (common to all the provinces).—(1) persons employed in managerial or confidential capacity (the Punjab and Madras omit the latter, and U. P. adds the supervisory capacity); (2) persons whose work is intermittent such

as travellers, canvassers, watchmen, caretakers or messengers; (3) Government offices and offices of local authorities; and (4) members of the family of the employer.

Group No. 2 (Bombay, Sind, Bengal, the Punjab, U. P. and C. P. and Berar):—establishments for the treatment or care of the sick, infirm, destitute or mentally unfit.

Group No. 3 (Bombay, Sind, Bengal, U. P. and C. P. and Berar):—persons exclusively engaged in preparatory or complimentary work such as clearing or forwarding clerks.

Group No. 4 (Bombay, Sind, the Punjab, Bengal and C. P. and Berar):—stalls and refreshment rooms (the Punjab and C. P. and Berar add railway dining cars) at railway stations, docks and wharfs (the Punjab and C. P. and Berar drop these; and the former adds airports).

Group No. 5 (Bombay, Sind, Bengal, C. P. and Berar and Madras):—bazaars or fairs for the sale of work for charitable or other purposes for which no profit is derived. (Instead of "bazaars or fairs.....derived", Madras refers to "establishments in bazaars in places where fairs or festivals are held temporarily for a period not exceeding fifteen days at a time".)

Group No. 6 (Bombay, Sind, Bengal and C. P. and Berar):—(1) persons employed in chemists' or druggists' shops; and (2) residential hotels and clubs (Bengal adds boarding houses).

Group No. 7 (Bombay, Sind and U. P.):—persons employed in the collection, delivery or conveyance of goods.

Group No. 8 (the Punjab and Bengal):—(1) the Reserve Bank of India; and (2) any federal railway.

Group No. 9 (Sind and Bengal):—shops dealing primarily in goods required for funeral or cremation purposes.

Group No. 10 (the Punjab and Bengal):—any railway service, water transport service, tramway or motor service, postal, telegraph or telephone service, any system of public conservancy or sanitation, or any industry, business or undertaking which supplies power, light or water to the public. (Bengal adds such public utility companies or associations or classes thereof as Government may decide).

Group No. 11 (the Punjab):—(1) offices of lawyers, auditors or registered accountants; (2) shops engaged in the supply of gas light on marriages or other ceremonial occasions; (3) persons whose hours of employment are mostly regulated by the Factories Act, 1934.

Group No. 12 (Bengal):—(1) shops dealing in (*a*) vegetables, meat, fish, dairy produce, bread, pastries, sweetmeats, flowers or other perishable commodities; (*b*) tobacco, cigars, chiroots, cigarettes, *biris*, *pan*, liquid refreshments sold retail for consumption on premises, ice, newspapers or periodicals; (*c*) supplies, stores or other articles necessary for ships—so far as the sale, in such shops of the articles mentioned in (*a*), (*b*) and (*c*) above is concerned; (2) shops or stalls in any public exhibition or show so far as they deal in retail

trade which is solely subsidiary or ancillary to the main purpose of such exhibition or show; (3) barber's and hair dresser's shops; (4) shops dealing in petroleum products or spare parts of motor vehicles; (5) excise shops; (6) seasonal commercial establishments engaged in purchase of raw jute or cotton or in cotton ginning or jute pressing and the clerical departments of such seasonal establishments.

Group No. 13 (Madras) :—establishments under cantonment authorities or in mines and oilfields; and establishments, not under the Factories Act but under some other provincial Act in respect of matters coming under this Act.

All the Acts except the Madras one have given power to Provincial Governments to remove the exemption. The Madras Act restricts the removal of the exemption to some categories of persons or establishments and empowers the Provincial Government to extend the exemption permanently or for a specified period to any establishment or class of establishments or person or class of persons.

16. In addition to these total exemptions, the Punjab, U. P. and Madras Acts provide for partial exemptions in respect of opening and closing hours of establishments. The partial exemptions which extend also to weekly holidays under the U. P. Act, are summarised below.

Group No. 14 (the Punjab, U. P. and Madras) :—(1) clubs, hotels (residential hotels in U. P. and Madras), boarding houses (the Punjab), shops and commercial establishments dealing in meals, cooked food and refreshments (U. P.), and hostels attached to schools or colleges and establishments maintained in boarding schools in connection with the boarding and lodging of pupils and resident masters (Madras); and (2) chemists' and druggists' shops (and commercial establishments in U. P.), etc.

Group No. 15 (the Punjab and U. P.) :—(1) shops (and commercial establishments in U. P.) dealing in vegetables, sweetmeats or confectionery, flowers, *pan* or *pan-bidi* or cigarettes, meat, poultry, eggs, ice or ice-cream, fruits and similar articles (including cooked food in U. P.); (2) shops (and commercial establishments in U. P.) dealing in newspapers and periodicals; (3) cinemas, theatres, etc.; (4) automobile service stations and petrol pumps, etc. (the Punjab) and shops dealing in motor spirit, motor or air craft, etc. (U. P.); and (5) barbers' and hair dressers' establishments.

Group No. 16 (U. P. and Madras) :—stalls and refreshments at railway stations.

Group No. 17 (the Punjab) :—(1) shops dealing in articles required for funerals, burials or cremations; (2) shops dealing in liquid refreshments sold retail for consumption on premises; (3) shops in regimental institutes, garrison shops and troop canteens in cantonments; (4) shops and commercial establishments engaged in the manufacture of gut; (5) shops and commercial establishments engaged in husking and washing of til; (6) tanneries; (7) retail trade carried on at an exhibition or show, if such retail trade is subsidiary or ancillary only to the main purpose of the exhibition or show; (8) oil mills not registered under the Factories Act, 1934; (9) brick and lime kilns; and (10) commercial establishments engaged in the manufacture of brass and copper sheets and the casting of bronze and brass utensils.

Group No. 18 (U. P.) :—Government licensed shops or establishments dealing in spirituous liquors or narcotic drugs.

Group No. 19 (Madras) :—Hospitals and other institutions for the treatment or care of the sick, the infirm, the destitute or the mentally unfit.

A comparison between the groups (No. 1 to 13) for total exemptions and those (No. 14 to 19) for partial exemptions shows that in a large numbers of establishments where the Bombay, Sind, Bengal, and C. P. and Berar Acts have given total exemptions from the operation of their provisions, the Punjab, U. P. and Madras Acts have given only partial exemptions which are limited only to the opening and closing hours and, in the case of U. P., to the weekly holidays also.

The Central Government memorandum of June 1946 suggests the following exemptions :—

- (1) establishments in which only the members of the employer's family are employed ; (2) offices in which the staff is engaged in connection with purely administration of a local authority ; (3) establishments for the treatment or care of the sick, infirm, destitute or mentally unfit ; (4) persons occupying positions of management or employed in a confidential capacity ; (5) persons whose work is inherently intermittent such as watchman, caretaker, traveller, etc. ; (6) persons directly engaged in preparatory or complimentary work such as clearing or forwarding clerks responsible for the despatch of goods ; and (7) clubs and residential hotels.

17. In the above paragraphs, the scope of, and limitations to, the definitions of shop, commercial establishments and persons employed have been indicated. There remain only a few more definitions which require reference for the proper appreciation of the scope of the shops legislation in India. The expression "apprentice" is defined only in the U. P. Act and means a person aged not less than twelve years, whom an employer employs in his service for training by himself or by any other person for any trade or calling. The Bombay, Sind and C. P. and Berar Acts define child as a person who has not completed his twelfth year ; but they add that in any area in which a scheme of compulsory primary education is sanctioned, the age of the child shall be the same as that under the Primary Education Act. The U. P. and Madras Acts put down the age limit of child at fourteen years. Bombay, Sind, C. P. and Berar, U. P., and Madras define young person as a person who is not a child and has not completed his seventeenth year. The Punjab puts the age limit of the young person at fourteen years. Bengal does not define the expression. The Bombay, Bengal, C. P. and Berar and Madras Acts define the expression "member of a family of an employer" to include husband, wife, children, father, mother, brother or sister who live with and are dependent on such employer. To this definition, Sind adds nephew, niece, cousin and aunt ; and from it, the U. P. takes out father or mother. The Punjab includes in the definition wife, legitimate children and step children below 14, legitimate children and step children above 14 but residing with and wholly dependent on the employer, parents, sisters and minor brothers residing with and wholly dependent on him. Bengal defines half day as a period of six consecutive hours between the hours of half past eight o'clock *ante meridian* and half past eight o'clock *post meridian*. The Punjab defines religious festival as a festival which the Provincial Government may declare to be a religious festival for the purposes of the Act.

PART III.

Shops Legislation in India—II.

18. In this part we propose to conclude the summary of the remaining important provisions of the shops legislation in India, relating to hours of work, holidays or leave with pay, wages, dismissals, accidents and compensation, children, young persons and women, maintenance of registers etc., appointment of inspectors, penalties for offences, extension of, and exemption from, the provisions of the legislation, machinery for the enforcement of the legislation and one or two otner matters. The three tables tnat follow, read with the foot notes attacned to them, give, in respect of snops, commercial establishments and other establishments, a comparative analysis of provisions in respect of opening and closing hours, hours of work—daily, weekly, or monthly, rest interval periods, spread-over and over-time periods and weekly holidays for establishments or employees.,

Table No. 1.

Shops.

Provision	Bombay.	Sind.	Bengal.	Punjab.	C. P. and Berar.	U. P.	Madras.
(1) Opening hour ..	(a)	(a)	....	6 and 7-30 a.m. (b)	7 a.m.	7 and 8 a.m. (c)	(a)
(2) Closing hour ..	9 p.m. (d)	9 p.m. (d)	8 p.m. (e)	10 and 9-30 p.m. (f)	9 p.m. (d)	10 and 9 p.m. (g)	(h)
(3) Daily hours ..	9½	9½	10	10	9	8	8(i)
(4) Weekly hours ..	....	....	56	54	....	....	48(i)
(5) Monthly hours ..	....	....	....	....	....	....	....
(6) Rest Interval hour ..	1 and ½ (j)	1 and ½ (k)	1 and ½ (j)	1 and ½ (l)	1 (m)	1 and ½ (n)	1 (m)
(7) Spread-over per day. hours	12 and 14 (o)	12 and 14 (o)	12 and 14 (o)	....	13 and 14 (o)	....	12

TABLE No. 1—*contd.*

Provision.	Bombay.	Sind.	Bengal.	Punjab.	C. P. and Berar.	U. P.	Madras.
(8) Over-time hours in a year.	120	120	120	150	120	120	(*i*)
(9) Weekly holidays for shops.	....	....	1½	1	....	1	1½ (*p*)
(10) Weekly holidays for employees.	1(*q*)	1 (*q*)	1½	1	1(*q*)	1 (*qr*)	1½ (*q*)

(Footnotes)

(*a*) The opening hour to be fixed by Government.

(*b*) 6-0 a.m. in summer and 7-30 a.m. in winter.

(*c*) 7-0 a.m. in summer and 8-0 a.m. in winter.

(*d*) The closing hour to be 9-0 p.m. or an earlier hour to be fixed by Government.

(*e*) In addition to the shop being required to be closed at 8-0 p.m., a further provision is made that no person shall work, after 8-30 p.m.

(*f*) 10-0 p.m. for summer and 9-30 p.m. for winter.

(*g*) 10-0 p.m. for summer and 9-0 p.m. for winter.

(*h*) The closing hour to be fixed by Government.

(*i*) A person may be allowed to work for any period in excess of the daily and weekly limit subject to payment of over-time wages, if the period of work including over-time work does not exceed ten hours in any day and in the aggregate fifty-four hours in any week.

(*j*) One hour rest interval for every seven hours of work and half an hour's rest interval for every five hours.

(*k*) One hour rest interval for every six hours of continuous work and half an hour's rest interval for every four hours of continuous work.

(*l*) Rest or meal interval to be not less than one hour in the aggregate and at least half an hour's interval after every six hours of work.

(*m*) At least one hour's rest interval for every five hours of work in Central Provinces and Berar and every four hours of work in Madras.

(*n*) Rest or meal interval to be not less than one hour in the aggregate and at least half an hour's interval after every five hours.

(*o*) The period of work and rest to be so arranged that they shall not be together spread over more than twelve hours on any day. Where, however, a shop is closed on any day for a continuous period of not less than three hours between the opening and closing time, the spread-over to be not more than fourteen hours on such day.

(*p*) In addition to the weekly holiday, shops or any specified class of shops may be closed at such hour in the afternoon of one week day in every week at an hour to be fixed by Government.

(*q*) The weekly holiday not permissible, if a person has worked for less than six days in a week.

(*r*) Watchman or caretaker excluded from weekly holiday.

TABLE NO. 2.

Commercial Establishments.

Provision.	Bombay.	Sind.	Bengal.	Punjab.	C. P. and Berar.	U. P.	Madras.
(1) Opening hour ..	(a)	(a)	....	6 and 7-30 a.m. (b)	(a)	7 and 8 a.m.(c)	(a)
(2) Closing hour ..	(d)	(d)	....	10 and 9-30 p.m. (e)	(d)	10 and 9 p.m. (f)	(d)
(3) Daily hours ..	....	....	....	10	10	8	(8g)
(4) Weekly hours ..	....	54(h)	....	54	....	....	48 (g)
(5) Monthly hours ..	208	....	....	....	208	....	....
(6) Rest interval hour ..	1 and ½ (i)	1 and ½ (j)	....	1 and ½ (k)	1(l)	1 and ½ (m)	1 (l)
(7) Spread-over hours per day.	12(n)	12(n)	....	....	12(n)	....	12
(8) Over-time hours in a year.	120(o)	120(o)	....	150	120(o)	120(o)	(g)
(9) Weekly holidays for commercial establishments.	....	....	....	1	....	1	....
(10) Weekly holidays for employees.	1(p)	1(p)	1½	1	1(p)	1(pq)	1½(p)

(Footnotes)

(a) The opening hour to be fixed by Government.
(b) 6-0 a.m. in summer and 7-0 a.m. in winter.
(c) 7-0 a.m. in summer and 8-0 a.m. in winter.
(d) The closing hour to be fixed by Government.
(e) 10-0 p.m. for summer and 9-30 p.m. for winter.
(f) 10-0 p.m. for summer and 9-0 p.m. for winter.
(g) A person may be allowed to work for any period in excess of the daily and weekly limit subject to payment of overtime wages, if the period of work including overtime work does not exceed ten hours in any day and in the aggregate fifty-four hours in any week.
(h) More hours of work than fifty-four permissible, subject to the maximum of 120 hours a year, during stock-taking, making of accounts, settlement or other prescribed occasions.
(i) One hour rest interval for every seven hours of work and half an hour's rest interval for every four and half hours.
(j) One hour's rest interval, at the option of the employer, for every six hours of work and half an hour's rest interval for every four and half hours.
(k) Rest or meal intervals to be not less than one hour in the aggregate; and at least half an hour's rest interval after every six hours of work.
(l) At least one hour's rest interval for every four hours of work.
(m) Rest or meal interval to be not less than one hour in the aggregate; and at least half an hour's interval for every five hours.
(n) On not more than six days in a year, Government is empowered to fix, in excess of twelve hours' spread-over, any period during which a person may be required to work on account of stock-taking, making of accounts, settlement or other prescribed occasions.
(o) These extra hours of work are allowed during stock-taking, making of accounts, settlement or other prescribed occasions.
(p) The weekly holiday not permissible, if a person has worked for less than six days in a week.
(q) Watchman or caretaker excluded from weekly holiday.

TABLE NO. 3.

*Other Establishments.**

Provision	Bombay.	Sind.	Bengal.	Punjab.	C. P. and berar.	U. P .	dras.
(1) Opening hour ..	....	....	....	....			
(2) Closing hour ..	....	....	....	....	....		
(3) Daily hours ..	10	10	10(*a*)	....	8	....	
(4) Weekly hours ..	....	....	....	....	....	....	
(5) Monthly hours ..	....	....	....	....	....	....	
(6) Rest interval hour	1 and ½ (*b*)	1 and ½ (*b*)	1 and ½ (*b*)	....	1(*c*)	....	
(7) Spread-over hours per day.	14	14	14	....	12	....	
(8) Over-time hours in a year.	....	....	125(*a*)	....	....	....	
(9) Weekly holidays for establishments.	....	....	....	....	....	....	
(10) Weekly holidays for employees.	1(*d*)	1(*d*)	1½	....	1(*d*)	....	

(Footnotes)

* These "Other establishments".

(*i*) exclude in all the provinces except the Punjab and U. P., shops and commercial establishments,

(*ii*) include,

(1) in the case of Bombay, Sind, C. P. and Berar and Madras restaurants, eating houses (residential hotels in Madras), theatres and other places of public amusement and/or entertainment

(2) in the case of Bengal, establishments of public entertainment or amusement;

In the Punjab and U. P., there is no category of establishments other than those of shops, and commercial establishments. There, some of the establishments like the restaurants, eating houses, theatres and other places of public amusement and/or entertainment are covered either under "shops" or under "commercial establishments".

(*a*) During such periods as may be prescribed, a person may be required to work more than ten hours a day so that the total number of hours so worked does not exceed one hundred and twenty in any one year.

(*b*) One hour rest interval for every eight hours of work and half an hour's rest interval for every six hours.

(*c*) At least one hour's rest interval for every six hours of work.

(*d*) The weekly holiday not permissible, if a person has worked for less than six days in a week.

19. The Bombay, Sind, Punjab, C. P. and Berar and Madras Acts prohibit the sale, by hawking, of any goods in or adjacent to a street or a public place, after the closing hour of shops in all the provinces, commercial establishments in the Punjab and restaurants, eating houses, theatres or other places of public amusement and/or entertainment in Bombay, Sind and C. P. and Berar. The sale of newspapers is excluded from this provision except in the Punjab. All the Acts prohibit any deduction of wages on account of the weekly holiday either to the establishment or the employee or both; some Acts even prescribe the rate at which the payment for holiday is to be made. Payment for over-time work is prescribed in all the Acts. It is $1\frac{1}{4}$ times the ordinary rate of wages in Bombay, Sind and Bengal, $1\frac{1}{2}$ time in C. P. and Berar and twice the normal rate in the Punjab, U. P. and Madras. Bengal excludes commercial establishments from over-time payment.

The Central Government memorandum of June, 1946, suggests the following in respect of matters we have so far dealt with :—

"*Hours of Work.*—Work in these establishments may not be as strenuous as in factories. It may, however, be considered desirable to fix a normal working day at 8 hours with provision for payment of overtime for work in excess of that limit. In the Bill for fixation of minimum wages which has been introduced in the Assembly, an 8-hour day has been fixed as the normal working day for fixation of wages. There should be, however, provision for working slightly longer hours without having to apply for exemptions in individual cases, provided that overtime payments at increased rates are made. With such a provision for overtime at higher rates, there will be a natural tendency to avoid overtime. A normal limit of 8 hours a day or 48 hours a week with a further provision for permitting work upto 10 hours a day or 54 a week, subject to payment of overtime at one and one half times the normal rates, might serve the purpose and make the administration also fairly simple.

Intervals and rest periods.—An hour's rest may be provided after 4 hours continuous work.

Spreadover.—.....Though the International Labour Office Convention permits of a spreadover of only 10 hours, climatic and other factors may necessitate fixation of a longer period in India, so as to allow a longer interval during the day. A maximum spreadover of 12 hours might be suitable to start with. The conditions in factories are different and this justifies the provision of a spreadover of only ten and half hours in factories.

Opening and closing hours.—There may be an enabling provision empowering Provincial Governments to fix opening and closing hours to all or any class of establishments covered by the proposed legislation.

Weekly Rest.—.....The provision for one day's rest in the week may be providedby statute and following the further provision in the Central Government's Weekly Rest Act of 1942, a further provision may be made empowering Provincial Governments to require a further closure of half a day a week in the case of any class of shops as notified from time to time".

20. *Holidays or Leave with Pay.*—Holidays or leave with pay, apart from the weekly holiday or half holiday, has become a marked feature of the shops legislation

in India subsequent to the passage of the Bombay Act. The Table No. 4 given below shows that :—

(*a*) the provision of leave, privilege leave or holidays is common to Sind, Bengal, the Punjab, C. P. and Berar, U. P. and Madras ;

(*b*) in addition to this leave, Bengal and Madras have provided for casual leave ; and

(*c*) in addition to the leave mentioned in (*a*) above, the U. P. and Madras have provided for sick leave and the former has further provided for other kind of leave on all holidays for Government treasuries.

TABLE No. 4.

Holidays or Leave with Pay

Nature of holidays or leave.	Period (Day) of Holiday or Leave.						
	Bombay.	Sind.	Bengal.	Punjab.	C. P. and Berar.	U. P.	Madras.
(1) Leave, privilege leave or holidays.	....	15 (*a*) (*b*)	14 (*a*) (*b*)	14, 7 (*a*)	14 (*a*) (*b*)	15 (*a*) (*b*)	12 (*a*) (*b*)
(2) Casual leave ..	....	....	10(*c*)	....	....	....	12 (*c*)
(3) Sick leave ..	....	....	....	....	....	15 (*d*)	12 (*c*)
(4) Other kind of leave ..	....	....	....	....	....	Number of days not fixed (*e*)	....

Foot notes.—

(*a*) This leave to be granted after one year's continuous service. In the case of the Punjab, seven days' leave is permissible after six months' continuous employment. In U. P., watchmen and caretakers to get thirty days' leave, instead of fifteen to others.

(*b*) In Sind, leave if not taken within two months of the close of the period during which it is earned, lapses. Accumulation of leave is permissible upto 28 days in Bengal, 14 days in C. P. and Berar, 24 days in Madras and allowed to be added to next year's leave in U. P.

(*c*) This leave is permissible every year on half pay in Bengal and full pay in Madras and is no allowed to accumulate.

(*d*) Every employee to get this leave every year after six months' continuous employment and, is allowed to add to it next year's leave, if not taken.

(*e*) Every shop or commercial establishment to be closed on, and every employee except the watchmen or caretakers to be given, ' all holidays for Government treasuries which may be notified from time to time in the official gazette '. If on account of local custom, a shop or commercial establishment remains open on such holidays, the employees are to be given, within the calendar year, leave in lieu of such holidays.

In addition to the points noted in the foot-notes attached to Table No. 4, there are a few more features relating to holidays or leave with pay, which merit reference. Leave in the Punjab (14 or 7 days) and ordinary leave in U. P. (15 days) are to be granted within one month or fifteen days respectively of the application. The C. P. and Berar and Madras provide that, if an employee entitled to holidays is discharged before he has been allowed the holidays or, if, having applied for and having been refused the holidays, he quits his employment before he has been allowed the holidays, the employer shall pay him the amount in respect of the holidays. They also empower the inspector (appointed under the Act) to institute proceedings on behalf of the employee to recover from the employer the amount due to the employee on account of holidays or leave with pay. The C. P. and Berar further provides that, before his holidays begin, the employee shall get half the total wages due to him on account of such holidays. In U. P., wages for half the period of ordinary leave are made payable along with the wages for the period immediately preceeding the leave and the remaining wages are made payable along with the wages for the wage period following the completion of the leave. Wages for the sick leave are made payable at the first wage period on completion of the leave. The holidays and all kinds of leave (except the sick leave in Bengal) shown in Table No. 4 are on full pay, the calculation of which is also indicated in some enactments; and no deduction is allowed on their account. The Madras Act has given power to Government to increase the number of holidays and the maximum number of days upto which such holidays may be accumulated.

The Central Government memorandum recommends that as "the Central Act is to apply to all provinces, the statute should provide for the essential minimum and for this purpose the standard in the Factories Act, i.e., 10 days holidays with pay after continuous service of 12 months, may be suitable. In order that those provinces which have more liberal provisions may not be prejudiced, the Provincial Governments may be empowered to fix higher limits not exceeding a prescribed period by notification".

21. *Wages.*—The Bengal, Punjab, U. P. and Madras Acts contain provisions regarding wages, though none of them fixes the wage amounts or the machinery for the fixation of wages or wage rates. The wage period in respect of which wages become payable is not more than a fortnight in the Punjab and a month in Madras. Wages must be paid at the end of (*a*) ten days in Bengal, (*b*) each wage period in the Punjab, (*c*) seven days in U. P., and (*d*) five days in Madras, after they become due. No deduction from wages except that duly authorised or prescribed is allowed in U. P. and Madras. No fines except those authorised are permissible in Madras; and the amount of fines in U. P. and Madras is not allowed to exceed half an anna in the rupee of the wages in any wage period. Madras prohibits fines in the case of persons below fifteen years of age, recovery of fines by instalments and not later than sixty days after they are imposed. Fines must be utilised, in U. P. and Madras, for purposes beneficial to employees and fines registers are prescribed to be maintained in both the provinces. In respect of wages, deductions, fines and other allied matters, Madras has drawn largely on the Payment of Wages Act, 1936.

The Central Government memorandum considers it "desirable to fix the wage period and the Punjab Act prescribes the period as a fortnight. Some elasticity might be desirable and Provincial Governments may be empowered to fix wage periods provided that in no case should it exceed a month. A further provision may be made that wages shall be paid not later than five days after it falls due—following a similar provision in the Payment of Wages Act of 1936".

22. *Dismissals.*—No dismissal of an employee, (1) after twelve months' continuous employment in C. P. and Berar, (2) without sufficient cause in the Punjab and C. P. and Berar, and (3) without one month's notice or notice for a stipulated period, if longer, or pay in lieu of notice in the Punjab, C. P. and Berar, U. P. and Madras, is allowed. Dismissal for misconduct, (1) as provided in the standing orders authenticated by a competent authority in U. P. and (2) supported by satisfactory evidence recorded at an enquiry in Madras, is allowed. The C. P. and Berar Act provides that an employee aggrieved by a dismissal order may file a complaint to a first class magistrate who, if satisfied that there was no sufficient cause for the dismissal, direct payment of wages to the employee. It then bars a civil suit. A provision on similar lines obtains in the Punjab Act. The U. P. Act prohibits an employee from terminating his employment without a month's notice or notice of a stipulated period, if longer. The employee acting contrary to this provision forfeits his unpaid wages for a period not exceeding fifteen days.

23. *Accidents and Compensation.*—The U. P. Act applies, *mutatis mutandis* the provisions of the Workmen's Compensation Act and the rules made thereunder to every employee of a shop or commercial establishment.

24. *Children, Young Persons and Women.*—In Bombay, Sind, C. P. and Berar and Madras, the employment of children is prohibited; and in U. P. the prohibition is limited to the employment of children as apprentices, and their hours of work are restricted to six per day. The young persons cannot be employed before 6-0 a.m. and after 7-0 p.m. in Bombay, Sind and Madras, before 8-0 a.m. and after 7-0 p.m. in the Punjab and before 7-0 a.m. and after 7-0 p.m. in C. P. and Berar. There weekly and daily hours of work are respectively 42 and 8 in Bombay and Sind, 42 and 7 in the Punjab and Madras and 36 and 7 in C. P. and Berar. In U. P., they can work six hours a day. The rest interval is at least half an hour at the end of (1) four hours in Bombay, Sind and C. P. and Berar and (2) three and half hours in the Punjab. In the Punjab, power is given to Government to impose, in respect of young persons, other conditions of employment including the daily period of employment. In Madras, overtime for young persons is not allowed and women are prohibited from employment before 6-0 a.m. and after 7-0 p.m.

The Central Government memorandum prefers the provision in the Bombay Act with regard to the age of a child and recommends it for other provinces. In the case of young persons, the memorandum suggests that, following the provision in the Factories Act, it is desirable to fix a lower limit of working hours. "The limit prescribed in the Factories Act", the memorandum proceeds, "is about half the normal limit permitted for adults; but it may not be necessary to go to the same extent in the case of establishments now proposed to be covered, as the work in some of these will be less strenuous. A limit of six hours a day with an interval of not less than one hour after three hours continuous work and with a further provision that the spread-over in the case of a young person between 12 and 15 shall not exceed eight hours, might be suitable. If necessary a ban may also be imposed against permitting young persons from working overtime".

25. *Health and Safety.*—Madras is so far the only province where provisions regarding health and safety are included in the shops legislation. They provide for cleanliness, ventilation and lighting and precautions against fire.

The Central Government memorandum says that "some provision requiring premises in which these persons are employed being kept neat and clean and for adequate lighting is also desirable."

26. *Maintenance of registers, records, etc.*—All the seven provinces require the employer to maintain such registers and records and to display such notices as may be prescribed for carrying out the provisions of their shops legislation with only this difference that in Bengal the display of notices is not prescribed in the case of commercial establishments. In addition, the Punjab requires the employer to exhibit a notice setting forth the "close day", to keep a record regarding hours worked, leave taken and rest or meals intervals.

27. *Inspectors.*—Under the Bombay and Sind Acts, it is the duty of the local authorities to appoint inspectors for their local areas for the purpose of carrying out their provisions; and for the areas where local authorities have no jurisdiction, the Government appoints them. In all other provinces except the Punjab, the Government appoints the inspectors. Sind also provides that the Commissioner of Labour will be the *ex-officio* Chief Inspector for the whole province and that the inspectors appointed by local authorities will be under the supervision of the Chief Inspector and those appointed by Government under his supervision and control. In the Punjab, the appointing authority is not mentioned in the Act. The C. P. Act provides that the inspectors appointed under the Factories Act will be also the inspectors under the Shops and Establishments Act and gives power to Government to appoint additional inspectors. The U. P. has a Chief Inspector and inspectors under him. Madras appoints officers of Government and local authorities as inspectors. The powers of the inspectors to enter, with their assistants, the premises of establishments and examine them, registers, records, notices, etc. are common everywhere with a few minor variations. A wilful obstruction, by any person, to the inspector in the exercise of his duty or failure to comply with a lawful direction given by him is, in Bombay, Sind, C. P. and Berar and Madras, an offence punishable with a fine up to Rs. 250. Inspectors are public servants within the meaning of section 21 of the Indian Penal Code in Bombay, Sind, Bengal, C. P. and Berar, U. P. and Madras.

28. *Penalties.*—The penalty for offences (except that of hawking) is a fine ranging from Rs. 25 for the first offence to Rs. 250 for subsequent offences in Bombay, Sind, C. P. and Berar and Madras. In Bengal, the range of fine varies from Rs. 250 to Rs. 500 except that for offences connected with prompt payment of wages, leave, overtime, and maintenance of records and their production for inspection, the fine is not more than Rs. 50. In U. P. the range of fine is from Rs. 50 to Rs. 500. In the Punjab, any contravention of provisions relating to the maintenance, and production, for inspection, of records is punishable with a fine of Rs. 500 every day during the continuance of the offence. To make a false entry or omit an entry required to be made under the Act with intent to deceive is in the Punjab an offence punishable with fine up to Rs. 200 or three months' imprisonment or both. In respect of other contraventions of the provisions of the Act, the range of fine is from Rs. 50 to Rs. 100. The punishment for hawking is a fine of from Rs. 10 to 100 in Bombay, Sind and C. P. and Berar and up to Rs. 100 in Madras.

29. *Extension and Exemption.*—All the Acts empower the Government concerned to extend, permanently or temporarily, all or any of their provisions to establishments or class of establishments to which they do not apply for the time being. They also empower them to exempt, permanently or temporarily, establishments or class of establishments to which they apply from all or any of their provisions.

30. *Machinery for Enforcement.*—Bombay and Sind are the only two out of the seven provinces in India which require the local authorities to enforce the provisions of the Shops and Establishments Act within their areas. In the local areas not

subject to the jurisdiction of the local authorities, the Government concerned take the responsibility of enforcing the provisions of the Act. In case of default by any local authority to perform any of its duties under the Act, Government have taken power to appoint a person to perform it and recover from the local authority the cost of their so doing including the remuneration to be paid to such person. The Bombay and Sind Acts further provide that all expenses connected with the enforcement of the Act are to be paid by the local authority out of its municipal or local fund. The Bengal, Punjab, C. P. and Berar, U. P. and Madras Acts do not contain provisions about their enforcement by local authorities. The absence of such a provision and the fact that the appointment of inspectors who constitute the machinery for the enforcement of the legislation prove that the Governments concerned have made themselves responsible for the administration and enforcement of the legislation within their jurisdiction.

31 *Other Provisions.*—The Bengal Act provides that no Court inferior to that of the Presidency Magistrate or the Magistrate of first class can try an offence under it and that no court can take cognisance of an offence except upon a complaint by an inspector. In the U. P. Act, no court inferior to that of the Magistrate of second class can try an offence and no court can take cognisance of an offence except upon a complaint in writing made within six months after its alleged occurrence. In Bengal, the Punjab and C. P. and Berar, it is provided that no suit, prosecution or legal proceeding can be against any person in respect of anything in good faith done or intended to be done under the Acts or rules made thereunder.

Part IV.

The Working of the Bombay Act.

32. The Bombay Shops and Establishments Act, 1939, received the assent of the Governor and came into force on November 2, 1939, by which date the Congress Government which had sponsored it had gone out of office. The rules framed under the Act were published on October 3, 1940. In accordance with section 1 (*3*) of the Act, it was in the first instance applied in November, 1940, to eight areas mentioned in the section. During the regime of section 93 administration, the Act came to be applied to one area each in 1943 and 1944, two areas in 1945 and four areas in the first three months of 1946, when that administration came to an end. On April 3, 1946, the Congress Government resumed office ; and it extended the application of the Act with an almost galloping speed. In the last nine months of 1946, the Act was further applied to eighteen areas, and, in the first three months of 1947, to six more areas. The total number of areas in which the Act has now been made applicable is forty. The following table gives, in a chronological order, the dates of the application of the Act to different areas and the names of such areas :—

Table No. 5.

Dates and Areas of Application of the Act.

Date of application.	Area of application.	Date of application.	Area of application.
1940		**1945**	
15th November	... (1) City of Bombay.	1st August	... (11) Godhra.
Do.	... (2) Ahmedabad Municipal Borough.	Do.	... (12) Uran.
Do.	... (3) Ahmedabad Cantonment.	**1946**	
Do.	... (4) Poona City Municipal Borough.	1st January	... (13) Surat.
Do.	... (5) Poona Suburban Municipal Borough.	1st February	... (14) Kalyan.
Do.	... (6) Poona Cantonment.	1st March	... (15) Bandra.
Do.	... (7) Sholapur Municipal Borough.	Do.	... (16) Ghatkopar.
Do.	... (8) Hubli Municipal Borough.	1st April	... (17) Parle-Andheri.
1943		1st May	... (18) Panvel.
1st December	... (9) Barsi.	1st June	... (19) Kurla.
1944		1st July	... (20) Bulsar.
1st June	... (10) Nasik.	Do.	... (21) Broach.
		1st August	... (22) Malegaon.
		Do.	... (23) Dhulia.

TABLE No. 5—*contd.*

Date of application.	Area of application.	Date of application.	Area of application.
1943		1946	
1st September	... (24) Thana.	15th November	... (33) Bhusaval.
Do.	... (25) Baramati.	15th December	... (34) Jalgaon.
Do.	... (26) Nadiad.	1947	
15th September	... (27) Dohad.	1st January	... (35) Satara.
15th October	... (28) Amalner.	15th January	... (36) Ratnagiri.
Do.	... (29) Yeola.	1st March	... (37) Ahmednagar.
1st November	... (30) Bhivandi.	Do.	... (38) Chalisgaon.
Do.	... (31) Kapadwanj.	Do.	... (39) Bijapur.
Do.	... (32) Pandharpur.	15th March	... (40) Belgaum.

33. The working of the Act can be judged mostly by the study of the annual reports of the local authorities and also by the oral evidence, particularly of the authorities in charge of the administration of the Act. From the six areas where the Act was applied this year, i.e. 1947, no report on its working can obviously be expected. One of them has, however, reported the appointment of an inspector. In the second half of 1946 (July to December), the Act was applied to fifteen areas from which also the reports of its working may not be expected. Four of them, however, sent nominal and brief reports with statistical information from two only. In one area, its Chief Sanitary Inspector, a non-graduate, was appointed inspector for the purposes of the Act. In another area, its Chief Officer acted as inspector. In a third area, a clerk was asked to do the inspector's duty and was afterwards replaced by an "experienced" clerk who was subsequently made a full time inspector. In a fourth area, as no inspector was available, the working of the Act began after seven months of its application. In a fifth area, an inspector was appointed after seven months of the application of the Act. In the first half of 1946 (January to June), seven areas came under the application of the Act; but only three submitted their reports, containing some statistical information as well, although all the areas could have sent them for a period varying from six to ten months. An official communication, dated May, 1947, showed that an inspector had not been appointed in an area where the Act was applied on June 1, 1946,—a period of eleven months and more. The two areas to which the Act was applied in 1945, submitted their reports for that and the next subsequent year. The ten local areas where the Act was applied in 1944, 1943 and 1940, submitted their reports for the periods ending 1946. Not a few of these reports, however, limited themselves to statements containing some statistical information which not infrequently was restricted to prosecutions launched under the Act and lacked other material information required to be submitted under the rules. We can say the same thing even of those areas to which the Act was applied after 1944 and the reports of which were submitted to Government. In one area, the Government inspector ceased to function with the restoration of the municipality on 1st July 1944; but the municipality did not appoint, in spite of warnings from the Collector, an inspector before a lapse of ten and half months.

In another area, no qualified inspector was appointed, again despite warnings from the Collector, for the whole period of three years, ending 1946, of the application of the Act. One area has only a part-time inspector during the last six years. To sum up the position, it can be said on the strength of the information at our disposal, that, out of the forty areas to which the Act has been applied up to March 15, 1947, only twenty-three areas have reported the appointment of inspectors and that the total number of inspectors is fifty-nine, of whom five are part-time and mostly unqualified, four full-time but unqualified, one is doubtful as regards both and the remaining forty-nine are whole time and qualified. Of the latter, Bombay City claims 25, Ahmedabad City 7, Poona City 3, Bandra 3, Surat 2, Godhra 2 and the remaining seven areas 1 each.

34. The following table (No. 6) gives, at a glance and in a comparable form, information, in respect of the twenty-three areas to which the Act applies, about the population, the number of establishments—shops, commercial establishments, restaurants, etc., and theatres, etc.,—the number of employees therein, the inspectorial and other staff, inspection visits and prosecutions. The information except the population figures is culled mostly from the annual reports on the working of the Act :—

TABLE No. 6

TABLE

A Comparative Statement Showing Areas, Population, Establishments, Staff,

Name of Area and Year of Report.	Population.	Establishments.							
		Shops.		Commercial Establishments.		Other Establishments.			
						Restaurants, etc.		Theatres, etc.	
		Number.	Employees.	Number.	Employees.	Number.	Employees.	Number.	Employees.
1	2	3	4	5	6	7	8	9	10
1. Bombay City ..	14,89,883								
1940–1941 ..	.. ..	42,432	82,822	7,088	37,075	3,716	25,082	59	1,341
1942 ..	.. ..	..	..	..	..	..	..	..	..
1943 ..	.. ..	..	..	..	..	..	..	..	..
1944 ..	.. ..	..	..	..	..	..	..	..	..
1945 ..	.. ..	..	..	..	..	..	..	..	..
1946 ..	.. ..	..	..	..	..	..	..	..	..
2. Ahmedabad City.	5,91,267								
1940–1941 ..	....	9,998	11,718	509	2,395	1,061	6,534	(a)	(b)
1942 ..	.. ..	..	..	..	..	..	..	..	..
1943 ..	.. ..	..	..	..	..	..	..	..	..
1944 ..	.. ..	..	..	..	..	..	..	..	..
1945 ..	.. ..	12,103	13,390	620	2,455	1,215	6,765	(a)	(b)
1946 ..	.. ..	..	..	..	..	..	..	..	..
3. Ahmedabad Cantonment ..	3,043								
1940–1941 ..	....	..	..	..	..	..	..	..	..
1942 ..	.. ..	..	..	..	..	..	..	..	..
1943 ..	....	..	..	..	..	..	..	..	..
1944 ..	....	..	..	..	..	..	..	..	..
1945 ..	....	64	51	..	..	4	..	..	..
1946 ..	....	65	60	..	..	4	..	..	..

No. 6.

Inspection Visits and Prosecutions under the Act.

Total of Establishments.		Staff.		Inspection Visits.	Prosecutions.			
		Inspectors.	Others.		Total.	Successful.	Fines.	Pending.
Number.	Employees.							
11	12	13	14	15	16	17	18	19
							Rs.	
53,295	1,46,320	11	24	93,364	2,040	1,659	18,029	298
....	....	14	27	40,023	2,955	2,000	38,385	247
....	....	14	27	42,579	3,638	3,516	61,706	317
....	....	14	28	44,588	2,651	2,652	58,792	276
....	....	16	34	54,555	3,353	3,002	59,814	579
....	....	25	42	43,251	3,133	3,149	47,573	519
11,568	20,647	7	4	....	428	347	5,613	78
....	....	7	4	....	348	346	3,008	71
....	....	7	4	....	592	624	9,898	37
....	....	7	4	6,092	883	678	14,314	220
13,988	22,610	7	5	13,116	1,250	1,239	26,466	209
....	....	7	5	8,137	708	604	15,840	..
58	47	1 (c)	....	....	*Nil.*	....	....	....
67	60	1 (c)	....	....	*Nil.*	....	....	....
64	61	1 (c)	....	....	*Nil.*	....	....	....
65	56	1 (c)	....	....	*Nil.*	....	....	....
68	51	1 (c)	....	*Nil.*	*Nil.*	....	....	....
69	60	1 (c)	....	*Nil.*	*Nil.*	....	....	....

Name of Area and Year of Report.	Population.	Establishments.							
		Shops.		Commercial Establishments.		Other Establishments.			
						Restaurants, etc.		Theatres, etc.	
		Number.	Employees.	Number.	Employees.	Number.	Employees.	Number.	Employees.
1	2	3	4	5	6	7	8	9	10
4, Poona City ..	2,37,560								
1940–1941 ..	..	..	..	..	..	..	..	..	..
1942 ..	..	..	..	..	..	..	..	..	..
1943 ..	..	..	..	..	..	..	..	..	..
1944 ..	..	6,000	12,000	350	700	517	2,900	(a)	(b)
1945 ..	..	5,600	11,000	350	800	550	3,200	(a)	(b)
1946 ..	..	6,100	12,200	400	950	560	3,300	(a)	(b)
5. Poona Suburban	19,994								
1940–1941 ..	..	221	..	6	..	35	..	3	..
1942 ..	..	217	..	6	..	35	..	2	..
1943 ..	..	227	..	6	..	35	..	2	..
1944 ..	..	244	..	6	..	38	..	2	..
1945 ..	..	287	..	8	..	42	..	3	..
1946 ..	..	279	..	7	..	41	..	3	..
6. Poona Cantonment ..	40,447								
1940–1941 ..	..	..	..	..	..	..	..	..	
1942 ..	..	..	..	..	..	..	..	..	..
1943 ..	..	..	..	..	..	..	..	..	..
1944 ..	..	..	..	..	..	..	..	..	..
1945 ..	..	..	..	..	..	..	..	..	..
1946 ..	..	..	..	..	..	..	..	..	..

No. 6—*contd.*

Total of Establishments.		Staff.		Inspection Visits.	Prosecutions.			
		Inspectors.	Others.		Total.	Successful.	Fines.	Pending.
Number.	Employees.							
11	12	13	14	15	16	17	18	19
7,190	...	3	...	...	348	323	2,626	...
...	...	3	...	...	302	257		
...	...	3	...	...	202	174	1,802	8
6,867	15,600	3	...	4,000	126	118	2,416	...
6,500	15,000	3	...	4,000	102	93	1,632	1
7,060	16,510	3	...	4,320	133	116	2,810	2
265	555	1	...	...	29	29	348	...
260	570	1	...	...	13	13	225	...
270	580	...	...	...	14	14	159	...
290	620	...	...	...	11	11	270	....
340	665	1	...	1,600	8	8	....	....
330	635	1	...	1,720	9	8	140	....
...	...	1	...	...	50	50	...	...
...	...	...	...	...	35	35	314	...
...	...	...	...	...	...	...	...	...
...	...	...	...	...	50	...	519	....
...	...	...	...	...	5	4	20	1
...	...	...	...	...	...	...	...	...

TABLE

Name of Area and Year of Report.	Population.	Establishments.							
		Shops.		Commercial Establishments.		Other Establishments.			
						Restaurants, etc.		Theatres, etc.	
		Number.	Employees.	Number.	Employees.	Number.	Employees.	Number.	Employees.
1	2	3	4	5	6	7	8	9	10
7. Sholapur	2,12,620								
1940–1941	...	...	...	...	...	...	...	...	...
1942	...	...	...	...	...	...	...	...	...
1943	...	...	...	...	...	...	...	...	...
1944	...	1,835	3,781	9	69	181	1,030	(a)	(b)
1945	...	2,302	3,205	10	84	186	1,154	(a)	(b)
1946	...	...	...	...	...	...	...	...	...
8. Hubli	95,512								
1940–1941	...	1,888	1,295	163	375	224	880	(a)	(b)
1942	...	1,888	...	163	...	...	...	...	...
1943	...	...	...	...	...	...	...	...	...
1944 (first six months).	...	1,446	1,068	168	1,268	224	399	...	...
1945 (last 6½ months).	...	1,859	1,344	220	456	218	887	(a)	(b)
1946	...	2,003	1,460	136	447	232	972	(a)	(b)
9. Barsi	84,839								
1944	...	691	626	121	273	51	143	(a)	(b)
1945	...	717	622	153	595	56	154	(a)	(b)
1946	...	1,024	860	154	575	82	211	(a)	(b)
10. Nasik	52,386								
1944	...	1,053	1,305	43	280	190	450	6	105
1945	...	1,120	1,420	43	280	200	503	7	120
1946	...	1,200	1,500	60	310	240	530	7	130

No. 6—*contd.*

Total of Establishments.		Staff.		Inspection Visits.	Prosecutions.			
		Inspectors.	Others.		Total.	Successful.	Fines.	Pending.
Number.	Employees.							
11	12	13	14	15	16	17	18	19
....	....	....	....	....	187	168	480	14
....	....	....	....	....	190	182	553	7
....	....	....	....	....	88	46	140	37
2,025	4,880	1	....	4,000	115	91	280	24
2,498	4,443	1	....	4,000	150	116	464	34
....	....	....	....	....	....	....	....	....
2,225	2,500	1	....	....	70	75	....	1
2,275	....	1	....	....	43	41	....	*Nil.*
....	....	1	....	....	22	21	....	1
1,838	2,730	1	....	....	....	11	6	....
2,297	2,687	1	....	2,175	8	8	....	....
2,371	2,879	1	....	3,649	65	49	....	15
863	1,042	1 (*d*)	....	67	*Nil.*	....	....	....
926	1,371	1 (*d*)	....	*Nil.*	*Nil.*	....	....	....
1,260	1,646	1 (*d*)	....	176	12	9	....	....
1,292	2,140	1 (*d*)	....	2,850	*Nil.*	....	....	....
1,370	2,323	1 (*d*)	....	4,130	*Nil.*	....	....	....
1,507	2,470	1	....	4,500	20	16	70	4

TABLE

Name of Area and Year of Report.	Population.	Establishments.							
		Shops.		Commercial Establishments.		Other Establishments.			
						Restaurants, etc.		Theatres, etc.	
		Number.	Employees.	Number,	Employees.	Number,	Employees.	Number,	Employees.
1	2	3	4	5	6	7	8	9	10
11. Godhra ..	41,986								
1945 ..	....	629	432	76	185	55	120	(a)	(b)
1946 ..	....	629	449	80	198	58	155	(a)	(b)
12. Uran ..	5,794								
1945 ..	....	43	99	15	60	12	51	1	10
1946 ..	....	45	108	15	63	15	75	1	8
13. Surat—									
1946 ..	1,71,443	2.000	..	500	..	500	..	8	..
14. Bandra—									
1946 ..	71,789	..	..	..	..	..	..	..	..
15. Panvel—									
1946 ..	10,960	100	..	20	..	20	..	..	..
16. Broach—									
1946 ..	55,810	3,800	2,000	80	1,200	150	800	2	30
17. Thana—									
1946 ..	29,751	610	..	42	..	47	..	(a)	..
18. Nadiad—									
1946 ..	46,510	..	..	..	..	..	..	..	..
19. Amalner—									
1946 ..	34,694	..	..	..	..	..	..	..	..
20. Yeola—									
1946 ..	17,817	..	..	..	..	..	..	..	..
21. Kapadvanj—									
1946 ..	20,075	..	..	..	..	..	..	..	..
22. Bhusaval—									
1946 ..	36,352	600	..	40	..	90	..	3	..
23. Ahmednagar—									
1946 ..	54,193	..	..	..	..	..	..	..	..

(a) Included in column 7.
(b) Included in column 8.
(c) Part time.
(d) Unqualified.

No. 6—*concld.*

Total of Establishments.		Staff.		Inspection Visits.	Prosecutions.			
		Inspectors.	Others.	Total.	Successful.	Fines.	Pending.	
Number.	Employees.							
11	12	13	14	15	16	17	18	19
760	657	1	2	710	22	3	284	17
767	802	2	2	1,445	45	30	636	8
71	220	1 (*e*)	....	8	*Nil.*	...	...	...
76	254	1 (*e*)	....	27	*Nil.*	...	...	...
....	....	2	3	3,008	118	73	2,140	32
....	....	3	....	...	79	55	528	24
200	50	1 (*e*)	1 (*c*)	...	*Nil.*	...	...	...
4,032	4,030	1	2	....	100	98	...	...
699	803	1	....	....	...	...	...	...
1,000	....	1	1	....	*Nil.*	...	...	...
625	....	1 (*f*)	1	....	14	7	23	7
500	....	1 (*f*) (*g*)	...	....	...	...	...	...
300	....	1 (*d*)	...	...	...	...	...	...
800	....	1 (*d*) (*h*)	....	...	...	...	...	...
794	4,000	1	....	...	...	...	...	...

(*e*) The Secretary of the Municipality acted as Inspector, in addition to his own duties.
(*f*) The Clerk acted for a time as part-time Inspector and then as full time Inspector.
(*g*) The Chief Officer of the Municipality acted as Inspector, in addition to his own duties.
(*h*) The Chief Sanitary Inspector of the Municipality acted as Inspector, in addition to his own duties.

In the enumeration of commercial establishments in Bombay City, the Bombay Municipal Corporation has excluded professional firms like those of solicitors, accountants, auditors and architects on the ground that they are outside the perview of the Act. The Ahmedabad City Municipality has expressed doubts about the application of the Act to such firms. It has also stated that establishments employing a large number of persons such as religious and charitable trusts, seem to have been left out of the scope of the Act. In 1943, the Government declared all societies coming under the Bombay Co-operative Societies Act, 1943, to be commercial establishments for the purposes of the Bombay Shops and Establishments Act. In 1946, they further declared seventeen establishments like the Bombay Chamber of Commerce, Indian Institute of Bankers, Motion Picture Society, etc, to be commercial establishments for the purposes of the Act.

35. In not more than four areas, exemptions from the operation of the Act were granted either temporarily or permanently, i.e., reviewable at the end of each year; and their number was not great. Suspensions from the operation of the Act for a specified period were also not many and were restricted to only a few areas.

36. Detailed statistical and other information on the observance or otherwise, by establishments, of the different provisions of the Act is not unfortunately available from the reports on its working except those of Bombay City. Such statistics as the reports contain are of a general character and do not help the Committee to draw from them any conclusions as to the extent of relief the employees have received in respect of the provisions of the Act such as, for example, the opening and closing hours of establishments, hours of work, rest intervals, spread over, weekly holidays, etc. The Bombay City is the only exception. It had the advantage of the results of an inquiry, held in 1935–36 by the Labour Office, Bombay, into the wages and hours of work and conditions of employment in the retail trades of some towns in the Bombay Presidency. The Bombay Municipality conducted two inquiries into the conditions of service in establishments—one immediately preceding, and the other immediately following, the enforcement of the Act—and recorded its results in the first annual report. In 1942, it conducted a third inquiry which was restricted to only grocers' shops which constituted 18·8 per cent. of the shops and comprised 16·3 per cent. of the shop assistants in Bombay City. We have endeavoured to analyse and collate the results of these three inquiries and to compare them with one another and also with those of the Labour Office inquiry of 1935–36, wherever it was possible to do so, in order to ascertain, on the strength of statistical data, the measure of success the Act has achieved and the weak points which need to be screwed up. The following table (No. 7) contains a comparative analysis of the results of the four inquiries under six major heads which constitute the operative provisions of the Act, viz., the opening and closing hours, hours of work, rest intervals, spread-over and holidays.

TABLE No. 7

TABLE

A Comparative Statement showing Results (in respect of opening holidays) of four

Item.	Percentage of	Shops.		
		L. O. (a) 1935–36.	Pre-Act. 1940.	Post-Act. 1940–41.
1	2	3	4	5
(1) *Opening Hour*—				
(a) Before 7 a.m.	Establishments	40%	24·1%	22·81%
(b) 7 a.m. and after 7 a.m.	Do.	58%	73·1%	76·9%
(2) *Closing Hour*—				
(a) Before 7 p.m.	Do.	2%	9·5%	6·1%
(b) Between 7 and 10 p.m.	Do.	64·31%	64·3%	92·91% (9 p.m.)
(c) After 10 p.m.	Do.	33·24%	26·2%	
(3) *Hours of Work*—				
(a) Less than 8 hours a day	Employees	2·32%	8·6%	11·49%
(b) Between 8 and 10 hours a day	Do.	17·31%	33%	80·61%
(c) More than 10 hours a day	Do.	73%	52·4%	7%
(d) Average number of daily hours per employee		12·25	10·6	9·17
(4) *Rest Interval*—				
(a) No rest interval	Establishments in col. 3, 11, 12, 13.	3·22%	13·1%	5·96%
(b) Less than 1 hour		3%	47·3%	12·32%
(c) One hour and more	Employees in col. 4, 5, 6, 7, 8, 9, 10.	64·58%	34·43%	81·72%
(d) Average rest interval hours				
(5) *Spread-over*—				
(a) Less than 12 hours	Employees			59·9%
(b) Between 12 and 14 hours	Do.			32·6%
(c) More than 14 hours	Do.			6·6%
(6) *Holidays*—				
(a) No holiday	Establishments in Col. 4, 5(*i*) 5(*iii*), 6, 7(*i*), 7(*iii*), 8(*i*),	100%	60 7%	7·84%
(b) Half holiday a week	8(*ii*), 9, 10(*i*).		7·3%	
(c) One holiday a week	Employees in col. 5, 5(*ii*), 7,		19·6%	(*i*)43·73%
(d) One and half holidays a week and public holidays.	7(*ii*), 8, 8(*ii*), 10, 10(*ii*), 11, 12 and 13.			(*ii*)89·8% (*iii*)56·28%

(*a*) L. O. means Labour Office.
(*b*) G. S. means Grocers' Shops.
(*c*) More than 8 hours a day.
(*d*) From 5 to 10 hours a day.

No. 7.

and closing hours of work, rest intervals, spread-over and Inquiries in Bombay City.

Inquiries in Establishments							
Grocers' shops			Commercial Establishments		Restaurants, Theatres, etc.		
Pre-Act 1940.	Post-Act 1940–41.	G. S. (*b*) 1942.	Pre-Act 1940.	Post-Act 1940–41.	L. O. (*a*) 1935–36.	Pre-Act 1940.	Post-Act 1940–41.
6	7	8	9	10	11	12	13
40·8%	17·7%	49·7%	9·3%	11·6%	85%	77%	79·5%
59·2%	82·3%	50·3%	83·4%	87·5%	15%	18·1%	20·2%
4·2%	1·75%	3·3%	41·3%	19·6%			
65·8%	98·5%	96·7%	33·4%	77·9%	27·39%	26·2%	44·45%
80%			16·7%	1·8%	72·61%	69%	55·55%
5·75%	6·7%	4·4%	63·5%	85·6%			
9·1%	80·4%	92·6%	29·8% (*c*)	14·4% (*c*)		8%	89·2% (*d*)
80%	12 9%	3·0%				71·2%	10·8%
18	9 7	9·4	7·7	7·3	13·14	10·8	9·1
18·7%	5·68%	0·6%	7·7%	3·1%	3·5%	34·2%	8·52%
40·95%	4·7%	1·5%	(*e*)	54·7%	4·46%		5·11%
33·63%	89·38%	97%	(*e*)	42·1%	60·2%		85·7%
	2·37	2·4		1·37			
	21%	80·2%		85·9%			
	71%	12%		12·4%			
	7%	0·9%					60·9% (*f*) 39·1%
75·35%	11·3%	0 9%	44·7%	2·4%	100%	86·6%	15·22%
1·4%			9·3%	(*i*)38·68% (*ii*)97·6%			
8·8%	(*i*)42·8% (*ii*)59·2% (*iii*)57·1%	(*i*)67·9% (*ii*)91·1% (*iii*)32·1%	25 3% 17·3%	(*i*)61·32%		23·4% (*g*)	84 78%

(*e*) In the Pre-Act (1940) inquiry in commercial establishments, 41·2% employees had fixed intervals, 41 1% employees had intervals at varying hours but not varying in duration and 6·8% employees had intervals varying in hours and duration.

(*f*) Less than 14 hours.

(*g*) One holiday a week or month.

37. This mass of figures read with relevant observations in the reports of the inquiries, reveals certain data which helps to assess the extent to which the Act has been instrumental in improving the conditions of employment in the establishments to which it has been applied. It also helps to ascertain the extent of unhealthy conditions which still persist and need to be improved either by stricter enforcement of the Act or by its revision. The percentage of shops opening before 7 a.m. was reduced from 40 to 22·8 and of restaurants from 85 to 79·5 within a period of five years ending 1940–41; but that of grocers' shops and commercial establishments increased from 40·8 to 49·7 and from 9·3 to 11·6 respectively within a period of two or less than two years ending 1942. Among the shops that continued to open before 7 a.m. were mainly the grocers' and provision shops, hair cutting saloons, vegetable, fruit and *pan-bidi* shops—which between themselves comprised 44·5 per cent. of the shops and 37 per cent. of the employees. The shops, commercial establishments and restaurants opening at or after 7 a.m. increased from 58 per cent. to 76·9 per cent., 83·4 per cent. to 87·5 per cent. and 15 per cent. to 20·2 per cent. respectively. The percentage of all the establishments closing before or at 10 p.m. rose from 66·31 per cent. to 99 per cent. for shops, from 70 per cent. to 96·7 per cent. for grocers' shops, from 74·7 per cent. to 97·5 per cent. for commercial establishments and from 27·39 per cent. to 44·45 per cent. for restaurants. A large percentage (55·55) of the restaurants still continued to remain open after 10 p.m., and 47·23 per cent. of them remained open after 11 p.m.

38. The number of employees in shops in 1935–36 and 1940–41 and that in commercial establishments in 1940 and 1940–41, working less than 8 hours a day, rose from 2·32 per cent. to 11·49 per cent. and from 63·5 per cent. to 85·6 per cent. respectively; but that in grocers' shops in 1940 and 1942 was reduced from 5·75 per cent. to 4·4 per cent. In less than 2 year's time, the number of commercial establishments working more than 8 hours a day was reduced from 29·8 per cent. to 14·5 per cent. The percentage of employees in shops working between 8 to 10 hours a day rose from 17·31 to 80·61 in five years; that working in grocers' shop rose from 9·1 to 92·6 in less than two years; and that working in restaurants from 8 to 89·2. Though the percentage of employees working more than 10 hours a day is substantially reduced everywhere, it was still 7 and 10·8 in shops and restaurants in 1940–41, and 3 in grocers' shops in 1942. The average number of daily working hours came down from 12·25 (in 1935–36) to 9·17 (in 1940–41) in shops, from 13 (in 1940) to 9·4 (in 1942) in grocers' shops, from 7·7 (in 1940 to 7·3 (in 1940–41) in commercial establishments and from 13·14 (1935–36) to 9·1 (1940–41) in restaurants.

39. The number of restaurants having no rest interval rose from 3·5 per cent. in 1935–36 to 8·52 per cent. in 1940–41; and that of employees with no rest interval came down from 13·1 per cent. (1940) to 5·96 per cent. (1940–41) in shops, from 18·7 per cent. (1940) to 0·6 per cent. (in 1942) in grocers' shops, and from 7·7 per cent. (1940) to 3·1 per cent. (1940–41) in commercial establishments. The percentage of employees with less than an hour's interval was reduced from 47·3 (1940) to 12·32 (1940–41) in shops and from 40·95 (1940) to 1·5 (1942) in commercial establishments. The employees getting rest interval of an hour and more were 81·72 per cent. in 1940–41 as against 34·43 per cent. in 1940 in shops, 97 per cent. in 1942 as against 33·63 per cent. in 1940 in grocers' shops and 85·7 per cent. in 1940–41 as against 60·2 per cent. in 1935–36 in restaurants. In the commercial establishments in 1940, 41·2 per cent. employees had fixed intervals 41·1 per cent. had intervals at varying hours but not varying in duration and

6·8 per cent. had intervals varying both in hours and duration. In 1940–41, 54·7 per cent. of their employees came to have an interval of less than an hour and 42·1 per cent. of an hour and more.

40. Nearly 60 per cent. of the employees in shops had in 1940–41 a spread-over of less than 12 hours, 32·6 per cent. between 12 and 14 hours and 6·6 per cent. more than 14 hours. The report on the working of the Act says that the spread-over of 12 to 14 hours was in respect of the shops which closed for 3 hours or so in the middle. In the grocers' shops, the number of employees having a spread-over of less than 12 hours rose from 21 per cent. in 1940–41 to 80·2 per cent. in 1942, that with a spread-over of between 12 and 14 and more than 14 hours was reduced, during the same period, from 71 per cent. to 12 per cent. and from 7 per cent. to 0·9 per cent. In the commercial establishments, the spread-over of less than 12 hours operated in 1940–41 in the case of 85·9 per cent. of the employees and that of between 12 and 14 hours was limited to only 12·4 per cent. The spread-over in respect of small *pedhis* was in excess of a 12 hour limit; but as lodging and boarding were generally provided by the employers, the enforcement of the Act was found to be a difficult problem. Among the restaurants, 60·9 per cent. of the employees had in 1940–41 a spread-over of between 12 to 14 hours and 39·1 per cent. more than 14 hours.

41. The Labour Office report (1935-36) stated that it might not be incorrect to say that the bulk of the shops (including restaurants) in Bombay City had no regular rest day in the week or the month. In 1940, 60·7 per cent shops, 75·35 per cent grocers' shops, 44·7 per cent commercial establishments and 86·6 per cent employees in restaurants had no holiday. In 1940-41, the percentage of employees in the same categories of establishments having no holiday stood respectively at 7·84, 11·3 (which was reduced to 0·9 in 1942), 2·4 and 15·22. In the commercial establishments, 38·68 per cent establishments as against 9·3 per cent in 1940 and 97·6 per cent employees got in 1940-41 a weekly half holiday. The percentage of establishments giving a weekly holiday rose from 19·6 (1940) to 43·73 (1940-41) in shops, from 8·8 (1940) to 67·9 (1942) in grocers' shops and from 25·3 (1940) to 61·32 (1940–41) in commercial establishments. In the latter case, however, the establishments did not close but gave their employees a weekly holiday by turns. A similar arrangement existed in 1940–41 in the case of 56·28 per cent shops and 57·1 per cent grocers' shops whose number was reduced to 32·1 per cent in 1942. The percentage of employees given a weekly holiday was 89·8 (1940–41) in shops, 59·2 (1940–41) and 91·1 (1942) in grocers' shops and 84·78 in restaurants.

42. The comparative summary of the conditions of employment in the establishments in Bombay City to which the Act applies, contained in Table No. 7 and the five preceding paragraphs will clearly show that the progress in improving those conditions has been remarkable and substantial and that the Act has served a useful purpose in improving the conditions of employment of the employees covered by the Act. It is true that the progress has not been even or uniform everywhere and that a lee-way has to be made up in certain catagories of establishments, particularly the restaurants, and under certain heads detailed in the table. It is also true that a few pre-Act conditions of employment which were more liberal than those in the Act. were tightened up in the post-Act period. But on the whole, there has been progress every where and it has been rapid and substantial.

43. We wish we could record, in the case of other areas to which the Act has been applied, the same opinion based on the examination of comparable statistical data. Probably they also have made progress; but, in the absence of such data, we have no means to know its extent. Ahmedabad, Sholapur and Hubli are other

centres besides Bombay, where the Bombay Labour Office had conducted its inquiry in 1935–36. If the results of that inquiry had been brought upto date, we would have been in a position to ascertain the degree of success the Act has achieved in those areas.

44. In the working of the Act, most local authorities experienced difficulties; and several of them have suggested modifications of its provisions. We have taken them into account while considering the amendment of the Act. Here we propose to refer only to a few of them. It has been stated in the annual reports of more than one local authority that the uniform closing hour for different categories of shops has caused hardship and inconvenience to the public, apart from the shop owners. It is also stated that, as most *pan-bidi* shops commence business late in the evening, their closing hour at 9 p.m. causes hardship to their owners and inconvenience to the public. It is further pointed out that the restaurant owners can sell—which the adjoining *pan-bidi* shops cannot—*pan-bidi*, cigarettes, etc., after 9 p.m. for consumption on premises. This has resulted, more particularly in the mofussil areas, in several such shops not observing the closing hour provision; and the local authorities could take no action, even though they were asked to do so by the Collectors. The same or similar difficulty was experienced in the case of one-man or owner shops. The difficulties in detecting irregularities are reported to be considerable. In many cases in Bombay City, registers were kept in non-regional languages; and not a few of them were kept in more than one form—one was shown to the inspectors and another was produced in courts. Another glaring point which we noticed in the annual reports of several local authorities was the complaint that the courts levied excessively low fines on the convicted persons with the result that they failed to have any deterrent effect. Breaches of the provisions of the Act were, in many cases, committed with impunity. One or two Collectors went to the extent of bringing to the notice of the courts the low level of fines and the need for increasing it, if the purpose of the Act was to be adquately served. The hint had no effect. The lack of provision for enhanced fines for second and subsequent offences under the rules added to the difficulty of enforcing the Act with greater success. It is interesting to note that, in Bombay City at any rate, the prosecutions have been more under the rules than under the Act. The prosecutions under the Act in Bombay City were transferred in 1945 from the courts of the stipendiary magistrates to those of the honorary presidency magistrates. According to the annual reports, two results followed from this change. One was that the number of days allotted for hearing cases under the Act being limited and confined to only two courts, the number of cases accumulated. The other was the lowering in the level of fines.

45. The legal responsibility of the administration of the Act rests with the local authorities. The 1942 report of the Bombay City Municipality has expressed an opinion that the duties connected with the administration of the Act fall outside the scope of local authorities and that special legislation had to be enacted to empower them to perform those duties. But the legislation, says the report, makes no provision empowering local bodies to raise monies by special taxation for carrying out the duties imposed upon them by the Act. This, we are afraid, betrays the spirit in which the Act has been looked at, although we readily acknowledge that among the areas to which the Act has been applied, Bombay Municipal Corporation has worked the Act with commendable thoroughness and efficiency. Other local authorities have not been so frank as Bombay in expressing their view on the legitimacy of administering the Act through them; but the manner in which they have administered the Act, betrays the same spirit. Indeed, we cannot help recording our view, however regretfully we may do so, that they neither took nor worked the Act seriously. They consider it to be an imposition. In saying so,

we are not unaware of the financial difficulties of the local bodies. Those difficulties have been partly met by the grant of subsidies by Government to several local bodies. But they do not seem to have given satisfaction to them. Even a municipality like that of Bombay City has requested Government year after year that it should be treated as a special case for the purposes of the grants and that more liberal grants should be given to enable it to enforce the Act more efficiently.

46. Most of the difficulties experienced by the local authorities in the working of the Act were emphasised in the oral evidence of their representatives and of those who actually administered the Act in their respective areas. The employers' representatives drew our attention to such inconveniences and even hardships as they experienced in giving effect to the provisions of the Act. The representatives of labour largely concentrated themselves on the need of liberalising the provisions of the Act and extending its operation to a large body of workers who are today outside its scope.

47. In conclusion, we may briefly refer to the general effects, favourable and unfavourable, of the introduction of the Act and its enforcement on those affected by it and on the community as a whole. We have already recorded our opinion that the Act has succeeded in a substantial measure in improving the conditions of employment in the distributive trade and other establishments covered by it. It has led, not in a few areas, to the organisation of both employers and employees. The organisation of employers has resulted, particularly in large towns, in achieving unanimity in observing certain provisions of the Act such as weekly holidays and in preventing unfair competition; and that of employees has led, among other things, to the demand for widening the scope of the Act and more rights and privileges. The Act has succeeded in eliminating to a large extent child labour from hotels and restaurants. While resistance to the Act from the less liberal-minded employers is considerably reduced, some of the conditions of employment, where they were more liberal in the pre-Act days, have stiffened to some extent. There has been, for example, some increase in the daily or monthly hours of work where they were lower than those provided for in the Act. Such fall in prosecutions as has taken place, does not, according to the annual reports, in any way indicate an awakening of social conscience of a large number of employers.

Part V.

Amendment and Extension of the Act—I.

48. Our terms of reference divide themselves into two parts: (1) to inquire into the working of the Bombay Shops and Establishments Act and to study any difficulties that may have been experienced in its administration; and (2) to make recommendations, if necessary, for improving the administrative and the substantive provisions of the Act, having regard to the needs and interests of all sections of the population affected by the law. In paragraphs 32 to 47 of our report, we have dealt with the first part of the terms of reference and recorded our views on the working of the Act. The second part of the terms of reference requires us to make recommendations, if only we consider it necessary to do so. Our study of the working of the Act and of the numerous suggestions we received, have, we are satisfied, established this necessity; and the latter extends not only to the administrative, but also to the substantive, provisions of the Act. In making recommendations, we are required to take into account the needs and interests of all sections of the population affected by the law. This requirement no doubt gives us wide discretion. We have, however, used it subject to certain basic considerations; and because of the variety of suggestions we have received, we think it necessary to refer to some of them. The shops and establishments legislation does not attempt to regulate the relationship between master and servant, or the conditions of employment, everywhere. It deals essentially with such relationship and conditions in distributive and allied trades, and not in manufacturing industries or processes working with or without power. In the application of this legislation even within this restricted field, the element of feasibility and practicability of enforcing it enters into the realm of consideration. Then again, there may be matters such as, for example, the minimum, living or standard wage, the regulation or standardization of wages, the wage-fixing machinery, or measures for social security—which, though coming within the category of service conditions constituting perhaps one of the most important aspects of such conditions and requiring legislative provision, may probably, having regard to the lines on which labour legislation in India has developed, be more appropriately treated in separate pieces of legislation. We kept these and similar considerations in view when we examined the evidence, written and oral, and other material that came before us, and when we determined the line of our recommendations. At the same time, we took into account the development of the shops and establishments legislation enacted in different provinces in India since Bombay did it in 1939 and also, in a general way, the trend of international public opinion as reflected in the conventions and recommendations of the International Labour Conferences held under the auspices of the International Labour Organisation. In doing so, however, we have not ignored the local conditions prevailing in our province.

49. Our recommendations fall into three categories: (1) additions to the Act; (2) major or material amendments to the Act; and (3) minor, verbal or consequential amendments to the Act. The recommendations coming under the first category can be easily understood without reference to the existing provisions of the Act; but this cannot be said in the case of recommendations coming under the other two categories. A reference to the Act in this case is necessary; otherwise, a mere mention of the recommendations may not be intelligible. To obviate this difficulty and in order that the full extent and scope of our recommendations may be fully understood, we have adopted a somewhat unusual procedure of ourselves

preparing a new Bombay Shops and Establishments Bill incorporating our recommendations into the existing provisions of the Act and consolidating them. This Bill we append to our report of which it forms part as Appendix B. The changes we have made in the Act, either unanimously or by a majority, and incorporated in the Bill, constitute our unanimous or majority recommendations. We do not, however, propose to refer to, or deal with, each of them in the body of our report. We propose to refer to and deal with only such of them as are either additions or amendments of a major or important character to the Act and require an explanation or an elucidation. The minority view, wherever expressed, is stated at appropriate places in the report. All references in the following paragraphs are, unless otherwise indicated, references to the clauses of the Bill we have drafted and appended to this report.

Chapter I—Preliminary.

50. *Short title, extent and operation (Clause 1).*—The sub-clauses (3) and (4) of clause 1 of the Bill are an almost wholesale amendment of sub-section (*3*) of section 1 of the Act. The Bill applies immediately to every local area to which the Act has already been applied. Secondly, its application is made obligatory in the case of every other local area having a population of twenty-five thousand and more. Thirdly, its application to any other local area is left to the discretion of Government. The date of its application to the local areas not at present covered by the Act, is also left to the discretion of Government. Fourthly, under sub-section (*3*) of section 1 of the Act, it is obligatory on the part of Government to apply *all* the provisions of the Act to the places mentioned therein ; but it is open to them to apply *all or any* of its provisions to such other areas as may subsequently be brought under the operation of the Act. This seems to us to be an anamoly which, in our opinion, deserves to be removed. As we have recommended the application of the Bill to all local areas having a population of twenty-five thousand and more, we feel that Government may perhaps need the discretion, we have provided, in exercising the obligation which the Bill imposes upon them under sub-clause (3) of clause 1. We have, therefore, added sub-clause (4) and extended the scope of the limited discretionary power which they now have under sub-section (*3*) of section 1 of the Act.

51. *Definitions (Clause 2).*—To the clause of definitions, we have added eleven more definitions which have been necessitated either by the additions to or amendments of the substantive provisions of the Act or by the administrative difficulties experienced by the local authorities in its working. The Municipal Commissioner, Bombay, pointed out that some employers employed persons as apprentices without wages and contended that such apprentices did not come within the purview of the Act. He, therefore, suggested that an apprentice should be defined and included in the persons employed. We have accepted his suggestion which, we may add, is made also by some other local authorities. The term " manager " is defined also in response to the suggestions made by many local authorities and to meet the difficulty experienced by the Bombay High Court in a case under the Act in interpreting the term " employer " which includes, under the present definition, the manager. We ourselves found that, as members of the family of an employer are exempted from the provisions of the Act and as an employer includes the manager, the exemption was capable of being extended to the members of the manager's family also. We, therefore, thought it necessary to define the term " manager " separately and to restrict, to that extent, the definition of " employer ". Subject to the limits laid down in the Bill, occasional variations

in respect of such matters as opening and closing hours, hours of work, spread-over and weekly holidays might be found necessary ; and it might not be always easy, convenient or expeditious for the Provincial Government to exercise the discretion necessary on such occasions. It might be necessary to vest it in a district authority like the District Magistrate. We, therefore, thought it necessary to define " prescribed authority " which, we recommend, should be the District Magistrate for the local areas in his district. The term " year " is not defined in the Act. The Bombay General Clauses Act, 1904, defines it as a calendar year ; and on this authority, the Bombay Municipal Corporation was asked to submit its annual reports on the working of the Bombay Shops and Establishments Act for the calendar year. Some other local authorities have, however, adopted the official year—April to March—for submitting their annual reports. In order to ensure uniformity, we have defined " year " as one commencing from April. The other new definitions of holiday, leave, local area, register of establishments, registration certificate, spread-over and wages are consequential on the additions or amendments we have made in the existing provisions and, therefore, need no explanation.

52. In the case of some of the existing definitions, we have made material amendments which call for an explanation. The definition of " child " is brought in line with that under the Bombay Primary Education Act, 1923, by raising the age-limit of the child from twelve to fourteen years. A wholesale change is made in the definition of " commercial establishment ". The enumeration, in the existing definition, of a few categories of establishments leaves out many other categories which, in our opinion, deserve to be included in the definition. During the period the Act has been in operation, the Provincial Government had to use its discretion, vested in them under the existing definition, in order to bring under it a large body of establishments. And yet we believe that the position is not altogether satisfactory. We hold the view that such bodies as the East India Cotton Association, Ltd., the Indian Merchants Chamber, etc., which by themselves do not carry on any trade or business and yet are trade associations and engage a fairly large staff, should be brought under the definition. We also hold that the definition should cover such firms as those of solicitors, engineers and architects and also the charitable and other trusts all of which engage a fairly large staff. A large number of local authorities, organisations and individuals strongly urged the inclusion of such bodies in the definition of commercial establishments so as so give their employees the benefits of and protection under the Act. We have accordingly framed the definition of " commercial establishment " in the way we have done in the Bill. The definition of " employee " is made shorter and simpler by removing from it what we considered to be superfluous and unnecessary ; and that of " employer " is brought in line with the definition of " occupier " in the Factories Act, 1934. Under the existing definition of " local authority ", considerable difficulty was experienced by the local authorities in sanctioning prosecutions, as it was interpreted that neither their executive officers nor inspectors had the power to sanction the prosecutions. The definition is now amended so as to vest that power in such officers. We have replaced the existing definition of " residential hotel " by the one which obtains in the British Shops Act, 1934. The only material change we have made in the definition of " shop " is the addition of the words " where any trade or business is carried on " to the premises which come under that definition. These or similar words obtain in the British shops legislation and also in some of the provincial shops legislation in India. The new definition of " theatre " is borrowed mostly from the British Shops Act, 1934.

53. *Exemption from, and Extension and Suspension of, the Bill (Clauses 4 and 5).*—Sections 4, 18 and 31 of the Act provide for exemption from, and extension and suspension of, all or any of the provisions of the Act. We have brought them together in Chapter I and under clauses 4 and 5. Sub-clause (4) of clause 4 of the Bill is analogous to clause (*k*) of sub-section (*1*), and sub-section (*2*), of section 4 of the Act; sub-clauses (5) and (6) of the same clause are substantially the reproduction of section 18: and clause 5 reproduces section 31. We have wholly amended sub-section (*1*) of section 4 of the Act and replaced it by sub-clauses (1), (2) and (3) of clause 4 of the Bill. The first change we have effected is to remove clubs and residential hotels from the list of exempted establishments and to bring them under the operation of the Bill. It is made in response to an almost unanimous demand made to us by the general body of employees and the public—a demand with which we are in complete agreement. The working conditions in residential hotels are hard and exacting and cannot be said to be better than those in establishments like restraurants which are regulated by the Act. The second change we have made is to divide the exemptions which are all total exemptions under the Act, into two parts: (1) total; and (2) partial. We recognise that, as compared with a vast number of exemptions contained in the Acts in some of the other provinces in India, and even otherwise, the list of exemptions under the Bombay Act is modest. But we see no justification for providing total exemption in the case of each and every category of persons and establishments enumerated in sub-section (*1*) of section 4 of the Act. We, therefore, decided to limit the total exemptions to only three categories which are mentioned in sub-clause (1) of clause 4 of the Bill. The partial exemptions we have provided in sub-clause (2) relate to opening and closing hours, daily and weekly hours of work, rest intervals, spread-over and weekly holidays in respect of employees working in certain types of establishments in whose case partial exemptions are a necessity in public interest. In sub-clause (3), the partial exemptions are limited to hours of work, rest intervals, and spread-over periods for all establishments and to weekly holidays in respect of establishments other than shops and commercial establishments; and they apply to the employer, members of his family, the manager or the employee employed in a confidential capacity.

54. The result of the amendments we have made in sub-section (*1*) of section 4 of the Act will be to reduce the exemptions to the barest minimum. In reaching this result, we were guided by practical considerations; and the view we took of the exemptions was, we find, supported by one of the conclusions reached by a British Committee of Inquiry into the Closing Hours of Shops, etc., which submitted its interim report to Parliament in April, 1947. The conclusion is as follows:—

> "Existing shops legislation exemplifies the maxim that hard cases make bad law. There are too many exemptions; the law tries over much to combine the incompatibles of compelling shops to shut and allowing people to buy. This has had disastrous consequences, especially in mixed shops; in certain respects the law is neither observed nor enforceable, and has been brought into contempt. The only practicable remedy is to cut down exemptions". (Page 37, Cmd. 7105).

Chapter II—Registration of Establishments.

55. *Registration of Establishments, etc. (Clauses 6 to 8).*—This Chapter is an addition to the Act, which we have incorporated in the Bill. We consider the addition to be a major one, calculated to strengthen the law and make its enforcement easy. The Bombay Municipal Corporation very strongly represented to

Government that the compulsory registration of establishments covered by the Act was desirable and necessary. It pointed out that, in the absence of such registration, the statistical and other information about the establishments could be collected only by taking periodical censuses and that the energies of the staff had to be diverted from their normal functions of enforcing the provisions of the Act, for keeping the information up to date. Secondly, a systematic and up to date record of establishments by localities would, it was stated, facilitate the proper distribution of the inspecting staff, which in its turn would lead to better enforcement of the provisions of the Act. Thirdly, the Corporation stated that another advantage of compulsory registration would be to help to fix the responsibility for breaches of the Act. At present, it further said, the real owner finds it possible to evade liability for breaches of the Act, if detected, by giving inaccurate or false information regarding the ownership or managership of the business, thus making it difficult for the inspectors to trace the parties at the time of serving summons prior to prosecutions. One or two other local bodies made suggestions on similar lines. We are in agreement with the views of the Bombay Municipal Corporation and other local bodies and believe that the compulsory registration of establishments will not entail any hardship on the employers.

56. The provisions of clauses 6 to 8 of the Bill are simple enough and require no explanation from us. We may only add as a recommendation that the registration fee and other fees prescribed in clauses 6 and 7 should be nominal but may vary according to the size of the establishment. Our idea is that the minimum fees under those clauses for an establishment like a *pan bidi* shop may not exceed one rupee for registration and eight annas for amendment and the maximum fees for other establishments may be Rs. 5 for registration and Rs. 2-8-0 for amendment.

Part VI.

Amendment and Extension of the Act—II.

57. We propose to discuss in this part of our report the changes we have made in what are admittedly the main operative provisions of the Act, viz. the opening and closing hours, hours of work, rest intervals, spread-over and weekly holidays, and also certain other allied provisions of a comparatively minor character. In order that the full extent and significance of the changes may be properly understood and their comparison as between different categories of establishments facilitated, we thought it necessary to consider together the provisions of chapters III, IV and V of the Bill which between themselves cover all such categories. The first noticeable change we have made is to combine chapters II and III ofthe Act into one chapter—chapter III—of the Bill which deals together with shops and commercial establishments. Our reason for doing so is that these two categories of establishments are more or less akin to each other and that the provisions in respect thereof are almost similar in substance, though, in a few particulars, they vary in details. The second change we have made is to divide chapter IV of the Act into two chapters—chapters IV and V—of the Bill. Chapter IV deals with residential hotels, restaurants and eating houses and chapter V deals with theatres or other places of public amusement or entertainment. These two categories are distinct and their provisions differ. We have, therefore, made this change.

Chapters III to V—*Shops, Commercial Establishments, Residential Hotels, Restaurants, Eating Houses, Theatres or other places of Public Amusement or Entertainment.*

58. *Opening and Closing Hours (Clauses 9, 10, 12, 18 and 25).*—The opening and closing hours of establishments under the Act and the Bill are given in the following table :—

Table No. 8.

Opening and Closing Hours of Establishments under the Act and the Bill.

Establishments.	Under the Act.		Under the Bill.	
	Opening Hour.	Closing Hour.	Opening Hour.	Closing Hour.
1. Shops	Not fixed	9-0 p.m.	5-0 a.m. and 7-0 a.m.	8-30 p.m. and 11-0 p.m.
2. Commercial establishments.	Not fixed.	Not fixed.	8-30 a.m.	8-30 p.m.
3. Residential hotels, restaurants and eating houses.	Not fixed.	Not fixed	6-0 a.m.	11-0 p.m.
4. Theatres or other places of public amusement or entertainment.	Not fixed ..	Not fixed ...	Not fixed ...	12 midnight.

This table and the table that follows in this part of the report need to be read along with tables 1 to 3 with their foot-notes for correct appreciation of the changes we have made. We may, however, repeat that, although the (Bombay) Act gives power to Government to fix the opening hours of shops and opening and closing hours of commercial establishments, that power has not so far been exercised anywhere. In the case of restaurants, eating houses, theatres, etc., the Act does not contain even such enabling provision for fixing the opening or closing hours. This led to administrative difficulties in checking up the hours of work and to evasion of the law. An element of unfair competition also crept in. A demand for fixing these hours by statute was thus a natural consequence and was particularly emphasised by the workers, their organisations and the general public. We have accordingly amended the Act and provided for opening and closing hours for all establishments except the theatres or other places of public amusement or entertainment for which the fixation of opening hours is obviously unnecessary. We may add that in fixing these hours we took into account the existing opening and closing hours in different categories of establishments and, wherever necessary, improved upon them with due regard to the social needs of the community and the convenience of the public.

59. In the case of shops, we have provided for two opening and two closing hours. The earlier opening hour at 5-0 a.m. is meant for shops dealing wholly in milk, vegetables and other articles of consumption of a perishable nature and is necessary in the interest of the society as a whole. The later closing hour at 11-0 p.m. is for shops dealing in *pan-bidi*, cigarettes, matches and other ancillary articles. The nature of the business these shops do requires this extension. Secondly, these shops are mostly owner and one-man shops where the question of master and servant does not arise. Thirdly, during the major portion of the day, they have generally little or no business which is heavy towards late evenings and nights. Fourthly, as most of these shops are generally situated near the theatres or other places of public amusement or entertainment, they stand to lose financially, if they are asked to close much earlier than the establishm nts attached to the theatres, etc. In the case of commercial establishments, the majority of us have decided upon the opening hour being kept at 8-30 a.m., while Mr. Bakhale prefers it at 9 a.m.; and all of us have kept the closing hour at 8-30 p.m. He considers, but the majority of us do not, that 9 a.m. is nearer the general practice in Bombay city and should be preferred to 8-30 a.m. The opening and closing hours of residential hotels, restaurants and eating houses are kept at 6-0 a.m. and 11-0 p.m. respectively. A provision is, however, made in clause 18, requiring the employees therein to start work by 5-30 a.m. and complete it by 11-30 p.m. for preparatory and closing work respectively. The closing hour for theatres or other places of public amusement or entertainment we have kept at 12-0 midnight—one hour later than that provided for some shops and the residential hotels, restaurants and eating houses. This, we believe, is an improvement upon the existing practice in many cities and towns where theatrical and other performances of a similar nature generally continue even after midnight. We are conscious of the criticism that is likely to be made against the discrimination we have made in the closing hours of some shops and the restaurants on the one hand and of theatres, etc., on the other, the establishments attached to which are, under our recommendation, permitted to work till 12 midnight. We admit the discrimination; but we do not admit that the criticism is fair and reasonable. The shops and restaurants selling, *inter alia*, the same articles as are sold in the establishments attached to the theatres, etc., are open throughout the day, while the attached establishments can remain open

only in the evenings and at nights when theatrical performances are on. Such advantages and disadvantages are incidental to the trade or profession and no legislation can ever equalise them. Secondly, the discrimination is a concession to the habits of the people which none can change overnight or by mere legislation.

60. This point of discrimination came up for consideration before the British Committee of Inquiry into the Closing Hours of Shops, etc. to which we have made a reference in paragraph 54 of our report. It arose out of the exemptions which the British Shops Act, 1928, gave to shops selling sugar confectionery, table waters, ice-cream, tobacco and smokers' requisites from the general and late closing hours. The trades concerned desired the continuance of the exemption, or in the alternative, insisted upon the removal of the concession given to shops attached to the places of entertainment. The Committee recommended the discontinuance of the exemption in the former case and the continuance of the concession in the latter. The following observations of the Committee are relevant to the issue we are considering :—

" These (sugar confectionery, table waters and ice-cream) may be sold for an hour and a half after closing hour on ordinary days and an hour on the late day, unless the Local Authority makes an order requiring their sales to conform to the general hours. They may also be sold to *bona-fide* members of the audiences during performances in any theatre, cinema, etc.....Such a (mixed) shop may sell an article until eight o'clock, may sell only sweets and newly-cooked provisions until 9--30, and may sell only newly-cooked provisions after 9-30, but may remain open indefinitely to sell those This is perhaps the greatest single cause of confusion and evasion that the 1928 Act contains. The reason for this exceptional treatment is, we understand, two-fold. One is that in normal times the peak of the sugar confectionery trade is in the evening. The other is that sweets can be bought in theatres and cinemas. The confectionery trade contends that it is ' manifestly unfair to compel the confectionery retailer to close his shop at an early hour, while permitting the sale of confectionery in places of entertainment. ' We understand the second point to be that which the trade would most emphasise if the general closing hour were no earlier than seven. They said that seven would suit the bulk of their members provided that the entertainment places had the same hour.

The sale of sweets at places of entertainment in the evening is a long standing practice and members of the audience avail themselves freely of it. We cannot recommend that it should be prohibited or curtailed. The choice is then between altering the law in a way which the confectionery trade think unfair to them and leaving in it provisions which are a standing invitation to evasion. As we have pointed out, it is no new thing to find that a law becomes unworkable if it tries to provide for every possible case of alleged ' unfairness ' to particular interests, and we do not think that an obligation to observe the evening closing hour can prove to be a severe hardship to the confectionery trade. We recommend that section 2 of the Act of 1928 should be repealed and that the sale of sugar confectionery, table waters and ice-cream should conform to the ordinary closing hour, subject to our recommendation about sales in cinemas and theatres.....

A Local Authority may make an order permitting the sale of tobacco and smokers' requisites for an hour and half after the closing hour on ordinary days and an hour on the late day.....The case for the power given to local Authorities by section 3 to extend the closing hour for tobacconists to those

prescribed by section 2 for the confectionery trade is also based mainly on the ground of competition. In this case moreover it is not only a matter of places of entertainment but also of restaurants and licensed premises. The representatives of the trade told us that they would be quite content with a closing hour of seven if sales were prohibited in all places after that hour, but they strongly urged the damaging effect on the trade of allowing sales elsewhere after the shops were closed. Here again we must come to the same conclusion, for the same reasons, and we recommend that the power to extend the hours for tobacco should be withdrawn.

For the reasons given in paragraph 30 we recommend that the sale of tobacco and matches to members of the audiences at cinemas and theatres should continue to be permitted." (Paragraphs 28, 29, 30 and 32, pages 11 and 12).

61. *Hours of work* (*Clauses 13, 20 and 27*).—The following table summarises the position, on the yearly basis, in respect of hours of work of establishments under the Act and the Bill :—

TABLE No. 9.

Yearly Hours of Work in Establishments under the Act and the Bill.

Establishments.	Under the Act.			Under the Bill.				
	Normal Hours.	Over-time Hours.	Total	Normal Hours.	Over-time Hours.	Total.	In-crease.	De-crease.
1. Shops	2,964	120	3,084	2,496	177	2,673	..	411
2. Commercial Establishments.	2,496	120	2,616	2,496	177	2,673	57	..
3. Residential hotels, restaurants and eating houses.	3,120	*Nil.*	3,120	2,808	30	2,838	..	282
4. Theatres or other places of public amusement or entertainment.	3,120	*Nil.*	3,120	2,808	..	2,808	..	312

The Act fixes the daily, and not weekly, hours of work of shops at nine and half; and the Bill fixes both the daily and weekly hours at nine and forty-eight respectively. The first improvement that the change makes is the reduction in working hours by nine a week or 468 a year. The second improvement is the elasticity which the fixation of the daily and weekly limits of work gives the shopping trade to fix a lower daily limit for five days in the week and to have a shorter sixth day, if it so desires. That is to say, it can have, if the employers and the employees agree, either five days of eight and half hours and one day of five and half hours or five days of nine hours and one day of three hours. In the former case, there will be one shorter day a week than the normal and, in the latter case, there will be a more than full weekly half-holiday. The employers either insisted upon the *status quo* being maintained or resisted the reduction of hours below nine a day for all the six days. The employees, on the other hand, demanded an eight hour day *plus*, in some cases, a weekly half-holiday. We could not accept either of these demands in full. The change we have made is, we are satisfied, in

full consonance with the movement for reduction of working hours and leaves a margin for a weekly half-holiday, if it can be secured by agreement of the two sides. The argument that, as shops are a distributive trade, the question of production does not arise and, therefore, no harm may be done, if an eight-hour day and a weekly half-holiday are provided, can be met by a counter argument that, as the work and working conditions in shops are not as hard and tiring as those in factories, it is unfair to provide for the same working hours for shops and factories. We cannot accept both the arguments and must adopt, as we have done, a course which may not unduly or unfairly disturb the balance which the legislative protection provides for the workers as a whole.

62. In the case of commercial establishments, the Act provides neither the daily nor the weekly limit of hours of work; it provides for a monthly limit which is 208 hours. The monthly basis made the task of checking up the working hours difficult and led to evasion of the law. We, therefore, decided to replace it by the daily and weekly basis and the Bill accordingly provides for the daily and weekly limits of work. The majority of us have put these limits at nine hours a day and forty-eight hours a week. The above Table (No. 9) shows that the normal working hours, in a year, in commercial establishments are the same, i.e. 2,496 (208 × 12 and 48 × 52) under the Act and the Bill.

63. A proviso to sub-section (*1*) of section 7 of the Act allows, in the case of shops, overtime to the extent of one hundred and twenty hours in a year; and the two provisos to sub-section (*1*) of section 11 of the Act allow, in the case of commercial establishments, overtime in any month during stock-taking, making of accounts, settlements or other prescribed occasions and limit such overtime period to one hundred and twenty hours in a year. We have deleted all the three provisos and inserted new provisions for overtime under sub-clauses (2) and (3) of clause 13, which apply both to shops and commercial establishments. The former sub-clause provides overtime for three hours a week or 156 hours a year. The latter sub-clause provides additional overtime for only six days in a year for the purposes of stock-taking, settlements or other prescribed occasions; and the period for such overtime is twenty-four hours. But on these six days (which in effect amount to a working week), the overtime period of three hours under sub-clause (2) is included. The twenty-four hours additional overtime period, therefore, reduces itself in practice to twenty-one hours. The total over-time in a year thus comes to 177 (156 +21). It will thus be seen that the 120 hours overtime under the Act is raised to 177 both for shops and commercial establishments. When to these are added the normal working hours, it will be found that the total hours (including overtime) for shops in a year will be 2,673 (2,496 + 177) under the Bill as against 3,084 (2,964 +120) under the Act— a reduction of 411 hours—and those for commercial establishments will be 2,673 (2,496 +177) under the Bill as against 2,616 (2,496 *plus* 120) under the Act—an increase of 57 hours.

64. Mr. Bakhale does not agree with the daily and weekly limits of work being fixed at nine and forty-eight respectively for commercial establishments with an over-all increase of 57 hours in a year in their case. He considers it undesirable and unnecessary to increase the hours of work—undesirable because of the trend of public opinion in favour of reduction of working hours and of the unfavourable consequences the increase may lead to, and unnecessary because the prevailing hours of work in Bombay City at any rate do not justify the increase. A reference to Table No. 7 in this report shows that the percentage of employees in commercial establishments, working less than eight hours a day was increased from 63·5 in 1940 (pre-Act year) to 85·6 in 1940–41 (post-Act year) and that the average number of

daily hours came down from 7·7 to 7·3 during the same period. Mr. Bakhale considers that there is no justification for allowing such a wide gap between the statutory limit of hours and the prevailing limit. He, therefore, recommends that, in the case of commercial establishments, the limit of daily and weekly hours of work should be eight and forty-four respectively. This will automatically provide for a weekly half-ho iday. This limit works out the yearly hours at 2,288 and yields a reduction of 208 hours in a year. But as the overtime hours are increased by 57 hours from 120 to 177 a year, the net reduction in total yearly hours of work will be 151 hours.

65. The majority of us have recommended a 9-hours day and 48-hours week for commercial establishments for several reasons. Firstly, it makes for uniformity between shops and commercial establishments which are practically a similar class of establishments and where the same class of people work. The majority see no reason to make any discrimination between the hours of work for these two kinds of establishments. Secondly, the commercial establishments include shroffs, commission agents, mercantile associations, all of which work like shops and some of them are mixed establishments. Thirdly, the increase in the hours of work is only apparent and nominal. There is no increase in the normal daily and weekly hours of work which remain the same under the Act and the Bill. The increase is in overtime hours of work which will not prejudicially affect the employees of such establishments as banks and insurance companies, as they do not need such overtime work; but the increase will meet the need of others such as shroffs and commission agents who, like the employers in shops, may require overtime work on special days. The majority desire to emphasise that the Committee has unanimously recommended an increase in overtime payment from one and quarter times (under the Act) to one and half times (under the Bill) the ordinary wage.

66. The Act fixes the daily, and not weekly, hours of work in restaurants, eating houses, theatres or other places of public amusement and entertainment at ten; and the Bill (which adds residential hotels to these categories) fixes them at nine. The total reduction in working hours is thus six a week or 312 a year. The Act does not provide for overtime for any of these categories of establishments. The Bill, however, does it in the case of residential hotels, restaurants and eating houses but does not extend it, for obvious reasons, to theatres or other places of public amusement or entertainment. Following the analogy in the case of shops and commercial establishments where extra overtime is provided in the Bill for six days in a year for the purposes of stock-taking, settlements and other prescribed occasions, we have provided in sub-clause (3) of clause 18 of the Bill that, on not more than ten days in a year on festive or special occasions, the provision for opening (5-30 a.m.) and closing (11-30 p.m.) hours of residential hotels, restaurants and eating houses may be relaxed even to the extent of keeping these establishments open for twenty-four hours. The normal opening hour at 5-30 a.m. and the normal closing hour at 11-30 p.m. contemplate a two-shift system of nine hours each. On the ten days (when the opening and closing hours are wholly relaxed), each shift may work twelve hours, i.e. three hours more per day, or 30 hours in ten days. When these are added to the normal yearly hours of 2,808, the total number of hours in residential hotels, restaurants and eating houses come to 2,838 as against 3,120 under the Act—which means a net reduction of 282 hours a year. Our reasons for effecting this reduction and the reduction under theatres or other places of amusement or entertainment are the same as those given in paragraph 61 of this report and, therefore, need no repetition.

67. *Rest Intervals* (*Clauses 14, 21 and 28*).—In these clauses we have made a few minor and consequential changes in the provisions in the Act dealing with rest intervals. The only change of importance we have made is that we have deleted the provisions regarding the half-hour rest interval, as, with the reduction in working hours, they are obviously unnecessary.

68. *Spread-over* (*Clauses 15, 16, 22 and 29*).—The Act permits a spread-over of twelve hours on any day for shops; but where the latter continue to be closed, between their opening and closing hours, for not less than three hours, a spread-over of fourteen hours on any day is allowed. The Bill provides for a spread-over of eleven hours on any day and, where a shop remains continuously closed for not less than three hours, for a spread over of twelve hours on any day. It further provides that, on any day on which an employee may work overtime in accordance with sub-clause (2) of clause 13 (which permits three hours weekly overtime), the spread-over may extend to fourteen hours and that, on any of the six days on which an employee may work additional overtime in accordance with sub-clause (3) of clause 16 (which permits twenty-four hours' overtime on those six days), the spread-over may extend to sixteen hours. The majority of us consider the extended spread-over to be inevitable, if overtime work is to be allowed. The extended spread-over is for very few days and is not likely to be fully availed of. Mr. Bakhale does not agree with those provisions of the Bill which extend the spread-over periods to fourteen and sixteen hours. He recommends that these periods should not exceed twelve hours on any day. In doing so, he points out that the Factories Act, 1934, which provides the same daily and weekly hours of work for perennial factories as those for shops under the Bill, provides ten and half hours spread-over on any day; and he emphasises that, in fixing the spread-over period, the factor of minimum amount of leisure which should be available to the worker, deserves to be taken into consideration.

69. The spread-over period in the case of commercial establishments is reduced from twelve hours in the Act to eleven hours in the Bill; but power is given to Government or the prescribed authority to increase this period whenever necessary. The Act and the Bill have the same spread-over period, i.e., fourteen hours on any day, in the case of restaurants and eating houses (and, under the Bill, residential hotels). Mr. Bakhale recommends, for the reasons already stated, that this period should be reduced to twelve hours. The majority of us consider this to be impracticable under the present circumstances, unless the employers are to have more than two shifts. The Bill gives power to Government or the prescribed authority to increase the spread-over period on any day of the ten days on which the opening and closing hours of the establishments concerned will be relaxed. The spread-over period of fourteen hours in the Act in the case of theatres or other places of public amusement or entertainment is reduced to eleven hours in the Bill.

70. *Weekly Holidays* (*Clauses 17, 23 and 30*).—The Act provides for a weekly holiday for employees in the establishments covered by it but does not provide for a weekly holiday or closure for the establishments themselves. We have amended this provision in respect of shops and commercial establishments by requiring them to be closed on one day in a week. This amendment is in consonance with the practice which has grown in these establishments since the Act came into operation in 1939 and has the support of a substantial portion of the employers, the employees and the public. The employees in other establishments covered by the Bill continue to get a weekly holiday as before. The workers or their organisations and a large number of local authorities represented that there existed among several employers

a wide-spread practice of calling employees on weekly holidays to their residences for some work connected with their establishments and urged the need for a statutory provision to meet this evil. We found that there was substance in this grievance. A case in the opposite direction in which an employee of his own accord worked in an establishment on his weekly holiday was decided by the High Court in favour of the employer and resulted in acquittal. We consider the employee in this case as much guilty as the employer in other cases. We have, therefore, added sub-clause (2) to clauses 17, 23 and 30, making it unlawful for an employer to call an employee at, or for the employee to go to, an establishment or any other place for any work connected with it on a day on which the establishment is closed on, or the employee has, a weekly holiday.

71. The local authorities pointed out that the statutory provision regarding the prohibition of hawking before the opening and after the closing hours of shops was ineffective and remained almost a dead letter because of the difficulty in subsequently tracing the hawker for the purposes of prosecution, who many a time gave false name or wrong address. We have, therefore, added sub-clause (2) to clause 11, providing for the seizure of the hawker's goods and returning the latter to him on his paying a deposit of twenty-five rupees as a security.

72. We have made an important addition (clause 24) to the provisions of chapter IV dealing with residential hotels, restaurants and eating houses, whereby an employer is required to furnish his employees an identity card containing certain prescribed information and requiring it to be produced on demand by an inspector. This provision is calculated to enable the inspector to check up the various provisions of the law and to reduce its evasion.

Part VII.

Amendment and Extension of the Act—III.

73. In this part we conclude our discussion on the changes we have made in the remaining provisions of the Act and the further additions we have made to it. Chapter V as such of the Act disappears ; but the provisions of section 18 thereof are, we have already pointed out, incorporated in sub-clauses (5) and (6) of clause 4 of the Bill. Chapter VI is common both to the Act and the Bill ; but the latter adds women to the categories of children and young persons with which the chapter deals. The other changes made in this chapter are either consequential or calculated to remove the lacunæ that came to our notice.

Chapter VII—Leave with Pay and Payment of Wages.

74. *Leave with Pay* (*Clauses* 34, 35 *and* 36).—This chapter is an important addition to the existing provisions of the Act and makes considerable improvement in regulating by law the service conditions of the employees engaged in the establishments covered by it. The agitation for leave with pay has in recent years grown in intensity and volume and the Government of India met it substantially by adding in 1945 a chapter to the Factories Act, 1934, making it obligatory on the factory owners to grant to their employees a ten days' leave with pay in a year. Table No. 4 of this report (Part III) shows that, even before this amendment of the Factories Act, Sind, Bengal and the Punjab introduced, in their shops and establishments legislation, provisions for the grant of annual leave with pay and that, after that amendment, the Central Provinces and Berar, the United Provinces and Madras introduced similar provisions in their shops and establishments legislation. Bombay is now the only province among the provinces in India having this legislation, which does not provide for annual leave with pay. A strong demand on us was made by the workers, their organisations and the public that we should recommend the incorporation of a similar provision in our legislation. We are satisfied that the demand is fair and reasonable and deserves to be met. We have done so. The question about the period of leave then arises. We feel that the ten days' annual leave in the Factories Act is inadequate and should be increased. The shops and establishments legislation in the six provinces provides for fifteen, fourteen or twelve days' leave ; and in addition, Bengal provides for ten, and Madras for twelve, days' casual leave and the U. P. for fifteen, and Madras for twelve, days' sick leave plus the grant, in U. P., of gazetted and other holidays—the number of which is not mentioned in the Act. We confess we cannot recommend this additional leave. Leave with pay is a new feature in our labour legislation and we feel that, in introducing it, we should be neither excessively cautious nor unduly liberal. We should attempt at fairness and reasonableness. In fact, we are required, in making recommendations, to take into account the needs and interests of all sections of the population that may be affected by the law. The additional leave, if recommended, besides incurring further opposition from the employers, may, we fear, disturb, rather excessively, the economy of the trades concerned, react unfavourably on the consumers and add to the existing complications of wages—prices spiral. We cannot, therefore, recommend a course which, under the existing circumstances, may lead to undesirable consequences. For these reasons, we have provided in clause 34 of the Bill an annual leave with pay of not less than fourteen days, to be enjoyed consecutively or otherwise, which can be accumulated up to twenty-eight days. For the eligibility of such leave, an attendance of not less than two hundred and seventy days in a year is prescribed. The provisions in sub-clause (2) of clause 34 and in clauses 35 and 36 are consequential to the main provision in sub-clause (1) of clause 34 and require no explanation.

75. Mr. Bakhale considers that, while he is in agreement with what is stated and argued in the above paragraph, some compensatory advantage should be given to those employees whose hours of work are longer than those of other employees or who, by the nature of their employment, are not allowed the benefit of the provisions in the Bill relating to opening and closing hours, rest intervals, spread-over and weekly holidays. It is true that such advantage, if given, may involve a little addition to the costs of the establishments, and consequently the trades, concerned; but it is also true that such additional costs may be offset by the advantage of additional working hours and of absence of other restrictions, which the Bill confers upon such establishments. Mr. Bakhale also considers that the compensatory advantage which he recommends should be considered from the point of view of the health of the employees and of the element of fatigue to which longer hours and the absence of some of the legislative protection expose them. He, therefore, recommends that, in the case of employees in residential hotels, restaurants, eating houses, theatres or other places of public amusement or entertainment, the annual leave with pay should be for not less than twenty-one days, consecutive or otherwise, with freedom to accumulate it up to forty-two days. Under the provisions of the Bill, the employees in res dential hotels, restaurants and eating houses will have to work 165 hours (or a little more than 20 days of eight hours a day) in a year more than those in shops and commercial establishments; and the employees in theatres or other places of public amusement or entertainment will have to work 135 hours (or 16 days of eight hours a day) in a year more than those in shops and commercial establishments. Deducting the additional leave of seven days from these 20 and 16 days, there still remain 13 and 9 days to the advantage of the owners of (1) residential hotels, restaurants and eating houses, and (2) theatres or other places of public amusement or entertainment respectively. Mr. Bakhale also recommends that in the case of the employees who are exempted, under sub-clauses (2) and (3) of clause 4 of the Bill, from the provisions of opening and closing hours, hours of work, spread-over and weekly holidays, the annual leave with pay should be for not less than thirty days, consecutive or otherwise, with permission to accumulate it up to sixty days. Here also, if a deduction of the additional 16 days' leave is made from 52 weekly holidays which the employees lose under the Bill, the balance of advantage to the tune of 36 days goes to the employers. In support of recommending compensatory advantage in the form of additional leave, an analogy in the British Shops Act may be cited. In the case of certain categories of shop assistants, the British Shops Act, 1913, provides for fixed weekly hours of work and a fixed number of yearly holidays on week days as well as on Sundays in lieu of weekly half holidays. It may be pointed out that, in U. P., the caretakers and watchmen who are denied the benifit of weekly holidays and other holidays provided in the Act, are given 30 days' leave in a year, instead of 15 days allowed to other employees.

76. The majority of the Committee find themselves unable to accept the recommedations made by their colleague. They may recognise the logic behind them; but they believe that what is logical is not always or necessarily practical. The annual leave with pay is a new feature which we have unanimously introduced in the Bill; and it is not, in the opinion of the majority, expedient to stretch it to its logical end. Secondly, they think that the arguments we advanced in paragraph 74 against adding casual, sick or other kind of leave to the leave we have provided, apply with equal force to the compensatory leave recommended by their colleague.

77. *Payment of Wages* (*Clause* 37).—The workers' side represented to us the need of applying the Payment of Wages Act, 1936, to the establishments coming under the Act. It may perhaps be that the evils connected with the payment of wages and fines may not be as serious in these establishments as they were in factories before the Payment of Wages Act was enacted. We, however, consider it desirable to

apply its provisions to the establishments covered by the Bill so as to further reduce the chances of industrial disputes. We have accordingly added clause 37 to the Bill which applies to the establishments and employees under it the provisions of the Payment of Wages Act, 1936, in respect of the responsibility of payment of wages, fixation of wage periods, time of payment of wages, wages to be paid in current coin, deductions which may be made from wages, fines, deductions for absence from duty, for damage or loss, for services rendered and for payments to co-operative societies and insurance schemes and also in respect of the other provisions of the said Act with this amendment that the inspector appointed under the Bill shall be the inspector for the purposes of the said Act in respect of all the establishments within the local limits assigned to him.

Chapter VIII—Health and Safety.

78. This chapter is an addition to the Act. Its provisions relate to cleanliness, ventilation, lighting and precautions against fire and are adopted, with suitable modifications, from the Factories Act, 1934.

Chapter IX—Enforcement and Inspection.

79. In paragraph 30, we have pointed out that, with the exception of Bombay and Sind, all the other provinces in India which have enacted shops and establishments legislation, have put the responsibility of administering it on the respective Provincial Governments. In Bombay and Sind, this responsibility rests with the local authorities, " subject to such supervision of the Provincial Government as may be prescribed." This provision of supervision has so far remained a dead letter. Rule 8 of the Bombay Shops and Establishments Rules, 1940, prescribes the submission, by local authorities, of annual reports on the working of the Act and of other reports and information which the Provincial Government may call for from time to time. The Rule also empowers the Provincial Government to give directions to the local authorities for the proper enforcement of the Act. We are not aware of any such directions having been given to any local authority during the period that the Act has been in operation. The Bombay Municipal Corporation has frankly stated that the duties connected with the administration of the Act fall outside the scope of the local bodies—a view which, we fear, is shared by almost all the other local bodies. Several of them have in fact suggested in written or oral evidence that the administration of the Act should be taken over by Government. They have pleaded their inability to secure inspectors of the requisite qualifications on salaries which they can afford; and failure to obtain inspectors have left them with no alternative but to entrust the administration of the Act to one of their existing officers. They have also pleaded that, in the event of the administration of the Act continuing to rest with them, they should be provided with more grants, almost equivalent to the cost of that administration. With this feeling towards the Act, it is not surprising that it has not been administered in the way it should have been. We have already recorded our view (Paragraph 45) that the local bodies neither took nor worked the Act seriously. We may add that no less a responsible body than the Bombay Provincial Congress Committee told us emphatically and frankly that Government should take over the administration of the Act and that this opinion was shared by not a few other members of the public.

80. Against this sombre background, we gave very serious and anxious consideration to this important question of the enforcement of the Act; and the majority of us came to the conclusion that the administration of the Act should continue to vest in the local authorities. They consider it to be a proper municipal function

which the municipalities ought to and can discharge. In fact, in the United Kingdom such legislation is enforced by the local authorities. They desire to emphasise that during five out of the seven years that the Act has been in operation, the 93 section Government was in office and that, therefore, and also on account of war conditions, Government might not have found it possible to supervise the working of the Act by the local authorities. Secondly, the majority expect that, with the popular Government in charge of the provincial administration, the local authorities will in all probability change their former attitude towards the Act and work the Act seriously and efficiently. Thirdly, they believe and recommend accordingly that the difficulty of getting inspectors of the requisite qualifications may be got over by lowering their qualifications to matriculation or other equivalent or suitable standard in the case of the municipalities other than Bombay City and Borough municipalities. Fourthly, all of us confess that we are not impressed with the plea of financial difficulty put forth by the local authorites including the Bombay Municipal Corporation. The facts do not support the plea. We give, in the following table, the amounts of the cost of administration of the Act incurred by four important local authorities and of the subsidies received by them from Government.

TABLE No. 10.

Cost of Administration of the Act and Subsidies by Government.

Local Area.		Cost of Administration.	Subsidies by Government.
		Rs.	Rs.
1. Ahmedabad ...	... 1940–45 ...	63,675	50,089
2. Bombay ...	... 1940–46 ...	3,28,923	2,62,613
3. Poona City ...	... 1941–46 ...	28,248	8,973
4. Sholapur ...	... 1940–46 ...	5,696	2,708

According to these figures, the average annual extra expenditure incurred by these four local bodies was respectively Rs. 2,264, Rs. 11,051, Rs. 3,855 and Rs. 498—an expenditure which cannot be said to be heavy or excessive, having regard to their financial position. Of the other local bodies whose administrative costs were available, only one incurred an expenditure of over Rs. 4,000, another over Rs. 3,000, two between Rs. 2,500 and Rs. 2,000, five between Rs. 2,000 and Rs. 1,500, two between Rs. 1,500 and Rs. 1,000, and as many as ten below Rs. 1,000, in any year; and of these, only three were given token subsidies. In view of this statistical data, we cannot accept that financial difficulty was a serious one in the way of efficiently administering the Act. The majority of us, however, recommend that Government should make grants to the local authorities up to the extent of the amount of the fines realised under the Act in their respective local areas, subject to the limitation that such grants may not exceed the total expenditure incurred in any year in enforcing the Act. They also recommend that larger grants may be made to smaller municipalities whose resources are necessarily limited, even if the fines realised in their respective areas are less than such grants. Lastly, in order to provide adequate and effective supervision by Government over the

administration of the Act, they recommend that Government should institute an inspectorate of supervision with a chief supervisor to inspect and check the inspectoral work of the inspectors of the local authorities and to periodically report to Government on the administration of the Act. At present there is no government machinery to check the administration of the Act by the local authorities. They also are of the opinion that the local authorities have certain machinery, e.g., licensing, which can easily be utilised for the administration of a legislation of this nature, whereas it may be very difficult and costly for Government to create such machinery so as to reach all areas which are now intended to be covered by this legislation.

81. Mr. Bakhale does not agree with the majority view that the Act should continue to be administered by the local authorities. He does not believe that the solution of instituting an inspectorate of supervision by Government to supervise the work of inspectors appointed by the local authorities will work in practice, as the former will have no control over the latter and will prove to be a fruitful source of friction and irritation between the two. Secondly, he does not think that the mere fact that there is now a popular Government in the province will in any way help in changing the attitude of the local authorities towards the Act. Thirdly, he does not consider it likely that the mere removal of the financial difficulties of the local authorities by giving them grants as recommended by the majority—a proposition with which he is in agreement, if the administration is to vest in them will make the administration more effective and efficient. Local influences, vested and otherwise, are generally powerful in the local bodies and it is too much to expect the inspectors to rise above them in the administration of the Act, when their appointment, promotion and removal are in the hands of those bodies. Fourthly, Mr. Bakhale thinks that, as the Act is proposed to be extended to all the local areas having a population of twenty-five thousand and more, the inspectors at several of these areas may not have full day's work and their time and energies and also the resources of such local bodies are likely to be wasted to some extent. The fact that the cantonment authorities have appointed half time inspectors and some other local bodies have saddled their officers with the inspectoral duties under the Act should, in Mr. Bakhale's opinion, serve as a warning, and not as a guide. Lastly, with the growth of social legislation at the Centre and in the provinces, the staff of inspectors under them is steadily increasing in number. Instead of having it separately under each piece of legislation, it will be useful and helpful, in the interest of economy and efficiency, if the whole staff is pooled together and a directorate of inspection instituted under the Provincial Government for the whole province. For these and other reasons, Mr. Bakhale recommends that the administration of the Act should be taken over by Government, irrespective of whether the provincial directorate of inspection becomes an accomplished fact or not. This recommendation, if accepted, will, in Mr. Bakhale's opinion, go a long way in improving the quality and quantity of inspection work.

82. We have divided the present chapter VII of the Act on enforcement and penalties into two chapters—IX and X—the former dealing with enforcement and inspection and the latter dealing with penalties for offences. Clauses 42 to 45 and 47 of the Bill are the reproduction of section 22 to 25 and 27 of the Act; clause 46 which embodies section 11 of the Factories Act, 1934, removes certain lacunae in the existing section 26 of the Act; and clause 48 is an addition which is an obvious necessity.

Chapter X—Penalties for Offences.

83. We found that the provision for penalties in section 30 of the Act was inadequate and deficient in more ways than one. It lays down a maximum limit of fine for first and subsequent offences; but the absence of a minimum limit has in

practice resulted in the imposition of only nominal fines in almost all cases. Some Collectors and other authorities drew the attention of the magistracy to this fact and emphasised the need for higher fines; but these hints were as a rule ignored. Several local bodies have, in their annual reports, drawn pointed attention of the Government to the miserably low fines imposed upon the offenders and desired that the Act should provide for a minimum limit of fines, if the convictions thereunder are intended to produce deterrent effect upon the law breakers. In discussing the question of the breaches of the law and the penalties prescribed, the British Committee on the Closing Hours of Shops etc. have remarked that " we were told that there are some shop-keepers who regard periodical fines as part of their overheads " (page 8). This seems to be the case in our province also. Another defect in the present provision is the absence of enhanced penalties in certain cases after previous conviction. A third defect that came to our notice is the absence of a provision penalising the maintenance of more than one set of registers, records etc., the failure to make the necessary entries therein or the making of false entries in any register or other record—acts done with intent to deceive. We have endeavoured to remove these and other defects by substituting clauses 49 and 50 of the Bill for section 30 of the Act and to bring the penalty provisions in line with those of the Factories Act, 1934. We have provided for minimum and maximum amounts of fines for all offences under the Act and the rules and for increased penalties for repetition of certain offences with higher minimum and maximum amounts of fines; and we have added to the list of offences the offence connected with the maintenance of false records, etc. The latter provision [sub-clause (4) of clauce 50] is borrowed, in essential respects, from the Punjab Act. Clause 52 regarding the exemption of an employer or manager from liability in certain cases is taken, with suitable modifications, from the Factories Act, 1934. The other clauses 51, 53 and 54 need no comment except that the last two help to make the Act self-sufficient and complete.

Chapter XI—Miscellaneous and Supplemental.

84. Lastly, we come to the last chapter of the Bill, miscellaneous and supplemental. Clauses 55, 60 and 62 of the Bill reproduce, with such modifications as are consequential or calculated to remove the lacunae, sections 29, 33 and 35 of the Act. Section 32 of the Act is overhauled. It permits wages for overtime at the rate of one and one quarter times the ordinary rate of wages. We have, in clause 56, altered this rate at one and half the times the ordinary rate in the case of employees in all establishments except the residential hotels, restaurants and eating houses and at twice the ordinary rate in the case of employees in residential hotels, restaurants and eating houses. Clause 57 about evidence as to the age is copied largely from the Factories Act. Clauses 58 and 59 dealing with double employment and dismissal are added in response to difficulties pointed out by some local authorities and to the demands of the workers and their organisations, although we could not satisfy the demands in the way the latter desired. The Bill provides in clause 64 what the Bombay Shops and Establishments Rules, 1940, do in Rule 8. We felt that the submission of annual reports should be a statute provision, rather than a provision made under the rules. Clause 65 repeals the Bombay Shops and Establishments Act, 1939.

85. The material change we have made in this chapter is incorporated in clause 63 of the Bill which seeks to amend the Factories Act, 1934, and provides that every person employed within a factory shall be governed by the Factories Act, 1934, and not by this Bill. According to clause (*b*) of section 2 of that Act, the " worker.....does not include any person solely employed in a clerical capacity in any room or place where no manufacturing process is being carried on."

Which means that the clerical establishments of the offices in factories are not regulated by the provisions of the Factories Act. With the enactment of the Bombay Shops and Establishments Act, 1939, they have come under its operation as they are included in the definition of " commercial establishment ". [Clause (3) of section 3.] The result of the exclusion of these establishments from the provisions of the Factories Act and their inclusion in those of the Bombay Shops and Establishments Act has been that in a factory a mass of its employees is governed by the former Act and only a portion by the latter Act and that, as the provisions of the two Acts are not identical in several important respects, considerable inconvenience is caused in the general working of the factory, inspection under the two Acts has become difficult and certain evasion of the law has also occurred in some cases. We felt the need to end this unsatisfactory state of affairs and added clause 63 to the Bill. We believe that the change we have made will eliminate the existing inconveniences and difficulties.

86. We may now sum up the material and substantive changes we have introduced in the Act, so that their extent, scope and significance may be properly appreciated :—

(1) The scope of the Act is extended by including in its operation the residential hotels and clubs and by widening the definitions of " commercial establishment " and " shop ".

(2) The Act is made applicable to all local areas with a population of twenty-five thousand and more.

(3) The total exemptions from the provisions of the Act are severely curtailed and partial exemptions provided.

(4) Registration of establishments is provided.

(5) The opening and closing hours of establishments are fixed.

(6) Weekly (in addition to the existing provision for daily) hours for shops, daily and weekly (instead of the existing provision for monthly) hours for commercial establishment are fixed.

(7) A substantial reduction in the normal working hours in all establishments except the commercial establishments is effected. Even if overtime periods are slightly increased in the case of shops and commercial establishments and are introduced anew for only ten days in a year in the case of residential hotels, restaurants and eating houses, there has been a considerable overall reduction in the total number of working hours in all establishments except the commercial establishments.

(8) Normal spread-over periods are reduced with only a few exceptions which are limited to brief periods and very few occasions.

(9) Compulsory weekly closure of shops and commercial establishments is provided.

(10) Provision for identity cards for employees in residential hotels, restaurants and eating houses is made.

(11) Women are prohibited from work before 7-0 a.m. and after 7-0 p.m.

(12) The age limit of a child is raised from twelve to fourteen.

(13) Fourteen days' leave with pay with freedom to accumulate upto twenty-eight days is provided.

(14) Provisions relating to cleanliness, ventilation, lighting and precautions against fire are made.

(15) Minimum penalties for offences and higher penalties for repetition of certain offences are prescribed.

(16) Provisions relating to maintenance of registers and other records and submitting them for inspection are improved.

(17) Rate of overtime payment is raised from one and quarter times to one and half times the ordinary rate of wages in shops, commercial establishments, theatres or other places of public amusement or entertainment and at twice the ordinary rate in residential hotels, restaurants and eating houses.

(18) Double employment on holidays or when an employee is on leave is prohibited.

(19) Dismissal without notice, barring dismissal for bad conduct, is prohibited.

(20) The Factories Act is amended so that the employees in clerica establishments of factories may be governed by it.

(21) Submission of annual reports on the working of the Act is prescribed.

This brief outline of the important amendments and additions to the Act read with our observations in paragraph 48 regarding the scope and purpose of the shops and establishments legislation will, we trust, satisfy the public including the interests concerned that we have gone a great way in liberalising and extending the provisions of the Act so as to achieve the primary objects of such legislation, viz., the prevention of over-work and consequent deterioration of health of the employees affected by it, and the provision for adequate leisure for their recreation.

Part VIII.

MISCELLANEOUS.

87. During the course of our inquiry, we received a large number of suggestions urging us to include certain categories of wage earners in the Bombay Shops and Establishments Act and to add to it provisions calculated to improve the service and other conditions of those covered by it. In paragraphs 48 and 86, we have set out the limits of our terms of reference and the extend to which we could go in making our recommendations. Those limits inevitably ruled out the consideration of some of the suggestions we received. This does not mean, however, that we did not view them or some of them with sympathy. In fact, we did. But we held that they were outside the scope of our inquiry. Categories of wage earners such as domestic servants, milkmen, private motor drivers, liftmen and compounders of private medical practitioners evoke sympathy. But being engaged in unorganised employment, we could not, apart from other considerations, bring them within the scope of the shops and establishments legislation which essentially deals with organised employment in distributive and allied trades. Another set of wage earners such as hand printers, sweetmeat makers, non-shop tailors, gold thread workers, hand loom workers, *bidi* makers, etc. needs some legislative protection. But they do not come within the domain of this legislation. For some of them at any rate, legislation on the lines of the C. P. and Berar Unregulated Factories Act, 1937, or the Madras Non-Power Factories Act, 1947, may be found useful. Pending the enactment of legislation of this kind, it is possible, we believe, to apply to some of the categories of workers mentioned above, some of the provisions of the Factories Act, 1934, by notification under section 5 of that Act. Similarly, such demands as provident fund or pension, gratuity, medical relief, compensation for accidents and housing, in addition to those we have mentioned in paragraph 48, we found to be outside the scope of our inquiry, even though we have undoubted sympathy with most of them. Governments have already moved in respect of some of them and will, we are confident, consider the rest in due course.

88. We believe that Government will publish our report together with appendices. We, however, suggest for their consideration that they should publish, as early as possible, our Bill in the *Bombay Government Gazette* and elicit public opinion thereon. If they add to it a Statement of Objects and Reasons and publish it along with the Bill, it may not be necessary, under the rules of the Legislature, to publish it again before introduction. This suggestion, if accepted, will give, adequate time to the public to expres its views on the provisions of the Bill before it is introduced in the Legislature and facilitate its passage through it.

89. It now remains for us to acknowledge the help we received during the course of our inquiry. We are obliged to all those who sent us written memoranda and who gave oral evidence before us. We are particularly grateful to Dr. G. R. Pradhan of the Bombay Municipal Corporation and the Chief Inspectors of Bombay and Ahmedabad, who, in their evidence, freely placed at our disposal their knowledge and experience of the working of the Act and made valuable suggestions. We place on record our appreciation of the services rendered to us by our Secretary, Mr. V. P. Keni, who, notwithstanding the heavy pressure of his normal duties, attended our meetings and helped us in other ways. We also thank the staff under him, particularly Mr. N. K. Rumde, for giving us all the assistance we required.

SHANTILAL H. SHAH, Chairman,
R. R. BAKHALE, Member,
C. C. SHAH, Member.

V. P. KENI, Secretary,
Bombay, December 31, 1947.

APPENDIX A.

Name of (1) *Associations and their Representatives and* (2) *other witnesses who tendered evidence before the Committee.*

Date.	Name of the Representative.	Name of the Association.
	(1) *Bombay City.*	
1st July 1947 ...	1. Dr. G. R. Pradhan ...	1. Personal Assistant to the Municipal Commissioner, Bombay.
12th July 1947 ...	2. Mr. S. G. Redkar ...	2. Chief Inspector of Shops, Bombay Municipality.
	3. Mr. Williamsons ...	3. The Bombay Presidency Trades Association.
	4. Mr. P. R. Lele ...	4. Gumasta Samiti of the Bombay Provincial Congress Committee.
	5. Mr. G. S. Desai ...	
	6. Dr. V. B. Korgaonkar ...	
	7. Mr. Jaffar ...	5. Bombay Hotel Kamgar Union.
19th July 1947 ..	8. Mr. P. J. Shroff ...	6. Indian Banks Association.
	9. Mr. Khoppikar ...	
	10. Mr. Panthaki ...	
	11. Mr. Haridas ...	
	12. Mr. Deshpande ...	
	13. Mr. Aftaf Hussein ...	7. The Bombay and Suburban Hotel Keepers Association.
	14. Mr. Vyas ...	
	15. Mr. N. G. Vikar ...	8. The Bombay Hotel Owners' Association.
	16. Mr. K. N. Kulkarni ...	
	17. Mr. B. V. Tambe ...	
	18. Mr. Lalbhashankar M. Bhatt...	
	19. Mr. B. V. Tambe ...	9. The Bombay Provincial Hotel Federation.
	20. Mr. Mohed Zahid ...	10. The Bombay Hotel Association.
	21. Mr. R. C. Dalal ...	11. The Theatre Employees' Union.
	22. Mr. Sultan Abdulla Nurani ...	
	23. Mr. Gaurishankar Bhatt ...	12. The Bombay Shops Assistants Federation.
	24. Mr. Madhukar Vyas ...	
	25. Mr. Navnitray Joshi ...	
	26. Mr. Mohan Gandhi ...	
	27. Mr. Chandulal Purohit ...	

APPENDIX A—*contd.*

Date.	Name of the Representative.	Name of the Association.
	(1) *Bombay City*—contd.	
26th July 1947 ...	28. Mr. Namidas Tarachand ...	13. The Cotton Brokers Staff Union.
	29. Mr. Hiralal Dave ...	
	30. Mr. Purshottam Mulji Kapadia.	14. The Bombay Piece Goods Native Merchants Association and the Bombay Country Fancy and Grey Piece Goods Merchant Association.
	31. Mr. Raghaoji Vallabhdas Kapadia.	
	32. Mr. Navnitlal Lallubhai Shah.	
	33. Mr. M. V. Rege. ...	15. The Dyeing and Printing Workers Union.
	34. Mr. Bhagwandas Taliwala ...	" "
	35. Mr. G. G. Mehta ...	16. The Bombay Gumasta Mahamandal.
	36. Mr. G. G. Mehta ...	17. The B. E. S. T. Workers Union.
	37. Mr. G. G. Mehta ...	18. The Federation of Banks Employees.
	38. Mr. Jamshedji Patel ...	19. The Chartered Bank, Bombay.
	39. Mr. H. N. Trivedi ...	20. The Mumbai Vidi Gumasta Mandal.
	40. Mr. C. L. Dudhia. ...	
	Ahmedabad.	
5th July 1947 ...	41. Mr. K. C. Thakore ...	21. Chief Inspector of Shops, Ahmedabad Municipality.
	42. Mr. Ramanlal Lallubhai ...	22. Millowners Association, Ahmedabad.
	43. Mr. Harinarayan Acharya ...	
	44. Mr. Chandra Prasad H. Desai.	
	45. Manager, Arvind Mills ...	
	46. Mr. Bhogilal C. Sutaria ...	23. Maskati Cloth Market Association and the Panchkuwa Cloth Merchants Association.
	47. Mr. Ramanlal Jain ...	
	48. Mr. Avandi Thakore ...	
	49. Mr. Nanubhai V. Shah ...	
	50. Mr. Kantilal Balabhai ...	
	51. Mr. Arjun Lala ...	24. Ahmedabad Municipal Servants' Association.
	52. Mr. K. C. Thakore ...	
	53. Mr. Vora ..	
	54. Mr. Maganlal Patel ...	25. The Hotel Kamdar Association, Ahmedabad.
	55. Mr. Musabhai ...	
	56. Mr. Latifkhan ...	

APPENDIX A—*contd.*

Date.	Name of the Representative.	Name of the Association.
	Ahmedabad—contd.	
6th July 1947 ...	57. Mr. Motilal Lallubhai Patel ...	
	58. Mr. Vallabhbhai Gokulbhai Patel.	26. The Hindu Muslim Hotel Union, Ahmedabad.
	59. Mr. Dalsinlji Chandaji ...	
	60. Mr. Ishwarbhai Bhikhabhai Patel ...	
	61. Mr. Noormiya Chhotumiya Hakim	27. Muslim Hotel Owners' Association, Ahmedabad.
	62. Mr. Usmanbhai Chandbhai Kadiwala ...	
	63. Mr. Natwarlal M. Pandit ...	
	64. Mr. Arjun Lala ...	
	65. Mr. N. C. Vora ...	
	66. Mr. Jayantilal Dalal ...	
	67. Mr. Nandlal P. Shah ...	
	68. Mr. Babubhai P. Shah ...	
	69. Mr. Chandulal K. Shah ...	28. The Ahmedabad Gumasta Mahamandal.
	70. Mr. B. J. Kapadia ...	
	71. Mr. V. M. Mehta ...	
	72. Mr. Kantibhai G. Patel ...	
	73. Mr. Sumantilal G. Shah ...	
	74. Mr. D. M. Trivedi ...	
	75. Mr. Chandulal Compounder ...	
	76. Mr. Babubhai Patel ...	
	77. Mr. Maganbhai Patel ...	29. The Bidi Kamgar Union, Ahmedabad.
	78. Mr. Vrajlal Brambhatt ...	
	79. Mr. Mohanlal Punjabhai ...	
	Surat.	
13th July 1947 ...	80. Mr. Vaikunthrai B. Shastri ...	30. Surat Municipality. Shops Inspector, Surat Municipality.
	81. Mr. G. N. Joshi ...	
	82. Mr. S. V. Thakkar ...	Do. do.

APPENDIX A—*contd.*

Date.		Name of the Representative.	Name of the Association.
		Surat—contd.	
13th July 1947	... 83.	Mr. Nanalal Thakordas Gandhi. ...	31. Surat Gandhi Mahajan Association.
	84.	Mr. Ramjibhai Laojibhai ...	
	85.	Mr. Babubhai Navalbhai ...	32. The Surat Farsan Association.
	86.	Mr. Mohanlal Narmadashankar.	
	87.	Mr. Bhaishankar Jayaram ...	
	88.	Mr. Ishwarlal G. Desai ...	
	89.	Mr. Girdharbhai H. Thakkar	
	90.	Mr. Mohanlal Gamanwala ...	
	91.	Mr. Deojibhai D. Patel ...	
	92.	Mr. Gandubhai G. Thakkar ...	
	93.	Mr. Lallubhai Chhaganlal ...	33. Surat Gumasta Mandal.
	94.	Mr. Manubhai Joshi ...	
	95.	Mr. Maganlal Nagindas ...	
	96.	Mr. Babubhai A. Aspi ...	
	97.	Mr. Ratilal V. Bhatt ...	
	98.	Mr. Bachubhai Thakordas ...	
	99.	Mr. Isar-Khan ...	
	100.	Mr. Kamil Ansari ...	
	101.	Mr. Jaswant Chowhan ...	
	102.	Mr. Balwant Panchal ...	34. The Hotel Workers Union, Surat.
	103.	Mr. Mahomed Yacoob ...	
	104.	Mr. Mahomed Shafi ...	
	105.	Mr. Hiralal Mohanlal ...	
	106.	Mr. Bachubhai Chunilal ...	
	107.	Mr. Thakordas Chhaganlal ...	35. The Barfiwala Ghariwala Association, Surat.
	108.	Mr. Sakharlal Dholidas ...	
		Jalgaon.	
20th July 1947	... 109.	Mr. V. B. Nimak ...	36. Shops Inspector, Jalgaon Municipality.
	110.	Mr. S. S. Karnik ...	36. Shops Inspector, Chalisgaon Municipality.

APPENDIX A—*concld.*

Date.		Name of the Representative.		Name of the Association.
		Jalgaon—contd.		
20th July 1947	111.	Mr. A. S. Shukla	38.	Shops Inspector, Amalner Municipality.
	112.	Mr. P. T. Sonar	39.	Shops Inspector, Bhusawal Municipality.
	113.	Name not recorded	40.	Shops Inspector, Dhulia Municipality.
	114.	Mr. D. B. Parvankar	41.	The Nabhik Union, Amalner.
	115.	Mr. G. J. Sonar	42.	The Nootan Pan Bidi Association, Amalner.
	116.	Mr. Hiralal J. Gangwal	43.	Jalgaon Rashtriya Gumasta Mandal.
	117.	Mr. J. V. Pathki		
	118.	Mr. Bhanudas J. Boviskar	44.	Chalisgaon Rashtriya Gumasta Mandal.
	119.	Mr. Chotalal Babaji Rathod		
	120.	Mr. S. S. Paranjpye	45.	Dhulia Rashtriya Gumasta Mandal.
	121.	Mr. Rohidas Pandu Vispute		
	122.	Mr. Bhikamchand Jain	46.	Jalgaon Merchants.
	123.	Mr. Shankarlal Gulabchand		
	124.	Mr. Nathumalji Sogamalji		
	125.	Mr. Mansukhlal Jangodra		
	126.	Mr. Ramdas Muniram Jadhav	47.	The Hotel Kamgar Union, Jalgaon.
	127.	Mr. Pandharinath Dhondu Powar.		
	128.	Mr. R. B. Mishra	48.	The Jalgaon Hotel Proprietors.
	129.	Mr. V. B. Gadgil	50.	Jalgaon Chemist.
	130.	Mr. A. G. Khambate		
		Poona.		
3rd August 1947	131.	Mr. M. K. Ostwal	50.	Rashtriya Mazdoor Congress.
	132.	Mr. S. V. Datar	51.	Artha Weekly, Poona.
	133.	Mr. V. D. Desai	52.	Chief Inspector of Shops, Poona Municipality. Shops Inspector, Poona Municipality.
	134.	Mr. V. R. Jawai		
	135.	Mr. Bhagwat	53.	Ahmednagar Municipality. Shops Inspector, Ahmednagar Municipality.
	136.	Mr. B. N. Nisat		
	137.	Mr. K. T. Khodkar	54.	Sholapur Municipality. Shops Inspector.
	138.	Mr. A. S. Shilwant	55.	Barsi Municipality, Shops Inspector.
	139.	Mr. Haribhau Tolaram Akude	56.	Panpati Vyapari Sangh, Poona.

APPENDIX B.

The Bombay Shops and Establishments Bill, 194

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THE BOMBAY SHOPS AND ESTABLISHMENTS BILL, 194 .

A Bill to make provision for the regulation of conditions of work and employment in shops, commercial establishments, residential hotels, restaurants, eating houses, theatres, other places of public amusement or entertainment and other establishments.

WHEREAS it is expedient to make provision for the regulation of conditions of work and employment in shops, commercial establishments, residential hotels, restaurants, eating houses, theatres, other places of public amusement or entertainment and other establishments and for certain other purposes hereinafter specified ; It is hereby enacted as follows :—

CHAPTER I.

Preliminary.

1. *Short title, extent and operation.*—(*1*) This Act may be called the Bombay Shops and Establishments Act, 194 .

(*2*) It extends to the whole of the Province of Bombay.

(*3*) (*a*) It shall come into force immediately in every local area to which the Bombay Shops and Establishments Act, 1939, applies.

(*b*) It—

(*i*) shall, by notification in the Official Gazette, come into force in every other local area having a population of twenty-five thousand and more, and

(*ii*) may, by notification as aforesaid, come into force in such other local area as the Provincial Government may from time to time decide,

on such date as may be specified in such notification.

(*4*) If it appears to the Provincial Government that it will not be practicable or convenient that all the provisions of this Act should come into operation simultaneously on that date, the Provincial Government may, notwithstanding anything contained in sub-section (*3*), fix an earlier or a later date for the coming into operation, either generally or for particular purposes, of any particular provisions of this Act.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context—

(1) " Apprentice " means a person who is not a child and who is employed, whether on wages or not, for training in any establishment.

(2) " Child " means a person who has not completed his fourteenth year.

(3) " Closed " means closed for all work in, or in connection with, an establishment.

(4) " Commercial establishment " means any premises where any business, trade or profession is carried on or where any work is done in connection with, or incidental or ancillary to, any business, trade, profession or industry and includes a society registered under the Society's Registration Act, 1860, and a charitable or other trust, whether registered or not, but does not include a factory, shop, residential hotel, restaurant, eating house, theatre or other place of public amusement or entertainment.

(5) "Day" means the period of twenty-four hours beginning at midnight:

Provided that in the case of an employee whose hours of work extend beyond midnight, day means the period of twenty-four hours beginning when such employment commences irrespective of midnight.

(6) "Employee" means a person wholly or principally employed in, or in connection with, any establishment and includes an apprentice but does not include an employer or a member of his family.

(7) "Employer" means a person owning or having ultimate control over the affairs of an establishment:

Provided that where the employer of an establishment is a firm or other association of individuals, the employer shall mean any one of the individual partners or members thereof;

Provided also that where the employer of an establishment is a company, the employer shall mean any one of the directors thereof.

(8) "Establishment" means a shop, commercial establishment, residential hotel, restaurant, eating house, theatre, or other place of public amusement or entertainment to which this Act applies and includes such other establishment as the Provincial Government may, by notification in the Official Gazette, declare to be an establishment for the purposes of this Act.

(9) "Factory" means any premises which is a factory within the meaning of clause (*j*) of section 2 of the Factories Act, 1934, or which is declared to be a factory under section 5 of the said Act.

(10) "Holiday" means a day on which an employee is not at the disposal of the employer or the manager for any work in, or in connection with, an establishment.

(11) "Inspector" means an inspector appointed under section 45 of this Act.

(12) "Leave" means leave provided for in Chapter VII of this Act.

(13) "Local area" means any area or combination of areas to which this Act applies.

(14) "Local Authority" means a municipality constituted under the City of Bombay Municipal Act, 1888, the Bombay District Municipal Act, 1901, the Bombay Municipal Boroughs Act, 1925, or a local board constituted under the Bombay Local Boards Act, 1923, or a cantonment authority and includes, in the City of Bombay, the Commissioner acting under the general or special orders of the Corporation and, in the case of any other municipality or a local board or a cantonment authority, the Municipal Commissioner, if any, or the Chief Officer or the principal executive officer of such municipality, local board or authority.

(15) "Manager" means a person declared to be a manager under section 6 of this Act.

(16) "Member of the family of an employer" means the husband, wife, son, daughter, father, mother, brother or sister of an employer who lives with and is dependent on such employer.

(17) "Opened" means opened for the service of any customer.

(18) "Periods of work" means the time during which an employee is at the disposal of the employer.

(19) "Prescribed" means prescribed by rules made under this Act.

(20) "Prescribed authority" means the authority prescribed under the rules made under this Act.

(21) "Register of establishments" means a register maintained for the registration of establishments under this Act.

(22) "Registration certificate" means a certificate showing the registration of an establishment.

(23) "Residential hotel" means any premises used for the reception of guests and travellers desirous of dwelling or sleeping therein and includes a club.

(24) "Restaurant or eating house" means any premises in which is carried on wholly or principally the business of the supply of meals or refreshments to the public or a class of the public for consumption on the premises.

(25) "Shop" means any premises where any trade or business is carried on, or where goods are sold, either by retail or wholesale or where services are rendered to customers, and includes an office, a store room, godown, warehouse or work place, whether in the same premises or otherwise, used in connection with such trade or business but does not include a factory, a commercial establishment, residential hotel, restaurant, eating house, theatre or other place of public amusement or entertainment.

(26) "Spread over" means the period between the commencement and the termination of the work of an employee on any day.

(27) "Theatre" includes any premises intended principally or wholly for the exhibition of pictures or other optical effects by means of a cinematograph or other suitable apparatus or for dramatic performances or for any other public amusement or entertainment.

(28) "Wages" means wages as defined in the Payment of Wages Act, 1936.

(29) "Week" means the period of seven days beginning at midnight of Saturday.

(30) "Year" means a year commencing on the first day of April.

(31) "Young person" means a person who is not a child and has not completed his seventeenth year.

3. *Reference to time of day.*—References to the time of day in this Act are references to Indian standard time which is five and half hours ahead of Greenwich mean time.

4. *Exemption from, and extension of, all or any of the provisions of this Act.*—(*1*) Nothing in this Act shall apply to—

(*a*) offices of Governments, local and cantonment authorities and the Bombay Port Trust;

(*b*) employees whose work is inherently intermittent such as travellers or canvassers; and

(*c*) bazaars or fairs for the sale of work for charitable or other purposes from which no profit is derived.

(*2*) Nothing in sections 9, 10, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 25, 27, 28, 29 and 30 of this Act shall apply to—

(*a*) employees exclusively working in an establishment as clearing or forwarding clerks responsible for the despatch of goods by rail or other means of transport and for customs formalities;

(*b*) employees exclusively employed in any establishment in the collection, delivery or conveyance of goods outside the premises of any establishment;

(*c*) employees in such chemists' or druggists' establishments as are approved by the Provincial Government or the prescribed authority by a general or special order in this behalf;

(*d*) employees employed for the purpose of attending upon the sick, infirm, destitute or mentally unfit;

(*e*) employees in any establishment wholly or principally engaged in the sale of ice, aerated waters or funeral requisites;

(*f*) employees in stalls and refreshment rooms at railway stations, docks, wharves and airports; and

(*g*) employees working in any establishment as watchmen, care-takers and messengers.

(*3*) Nothing in sections 13, 14, 15, 16, 20, 21, 22, 23, 27, 28, 29 and 30 of this Act shall apply to—

(*a*) an employer and members of his family; and

(*b*) a manager or an employee employed in a confidential capacity:

Provided that the number of such persons in any establishment shall not exceed ten per cent. of the total number of employees therein, any fraction being rounded up to the next higher integer.

(*4*) Notwithstanding anything contained in the foregoing sub-sections, the Provincial Government may, by notification in the Official Gazette, direct that any establishment or class of establishments or any employee or class of employees shall, or shall not, be exempt from all or any of the provisions of this Act.

(*5*) Notwithstanding anything contained in this Act, the Provincia Government may, by notification as aforesaid, declare any establishment or class of establishments to which, or any person or class of persons to whom, this Act does not for the time being apply, to be an establishment or class of establishments or a person or class of persons for the purposes of this Act.

(*6*) On such declaration under sub-section (*5*), such establishment or class of establishments or such person or class of persons shall be deemed to be an establishment or class of establishments to which, or to be an employee or class of employees to whom, this Act applies and all or any of the provisions of this Act with such adaptation or modification as may be specified in such declaration, shall apply such establishment or class of establishments or to such employee or class of employees.

5. *Suspension of all or any of the provisions of this Act.*—The Provincial Government may, by notification in the Official Gazette, suspend the operation of all or any of the provisions of this Act for such period and subject to such conditions as it deems fit on account of any prescribed holidays or occasions.

CHAPTER II.

Registration of Establishments.

6. *Registration of establishments.*—(1) Within thirty days after the application of this Act to any local area or after any new establishment commences work in such area, the employer of every establishment shall send to the Inspector of such area a statement, in a prescribed form, together with such fees as may be prescribed, containing—

(*a*) the name of the employer and the manager, if any;

(*b*) the postal address of the establishment;

(*c*) the name, if any, of the establishment;

(*d*) the category of the establishment, i.e., whether it is a shop, commercial establishment, residential hotel, restaurant, eating house, theatre or other place of public amusement or entertainment; and

(*e*) such other particulars as may be prescribed.

(2) On receipt of the statement and the fees, the Inspector shall, on being satisfied about the correctness of the statement, register the establishment in the register of establishments in such manner as may be prescribed and shall issue, in a prescribed form, a registration certificate to the employer. The registration certificate shall be prominently displayed at the establishment.

(3) In the event of any doubt or difference of opinion between an employer and the Inspector as to the category to which an establishment should belong, the Inspector shall refer the matter to the local authority which shall, after such inquiry as it thinks proper, decide the category of such establishment and its decision shall be final for the purposes of this Act.

7. *Change to be communicated to Inspector.*—It shall be the duty of an employer to notify to the Inspector, in a prescribed form, any change in respect of any information contained in his statement within seven days, after the change has taken place. The Inspector shall, on receiving such notice and the prescribed fees and on being satisfied about its correctness, make the change in the register of establishments in accordance with such notice and shall amend the registration certificate or issue a fresh registration certificate, if necessary.

8. *Closing of establishment to be communicated to Inspector.*—The employer shall, within ten days on his closing the establishment, notify to the Inspector in writing accordingly. The Inspector shall, on receiving the information and being satisfied about its correctness, remove such establishment from the Register of establishments and cancel the registration certificate.

CHAPTER III.

Shops and Commercial Establishments.

9. *Opening hours of shops.*—(1) No shop—

(*a*) dealing wholly in milk, vegetables, fruits, fish, meat, bread or any other article notified by Government, shall on any day be opened earlier than 5 a.m.;

(*b*) dealing in articles and commodities other than those specified in clause (*a*) of this sub-section, shall on any day be opened earlier than 7-0 a.m.

(2) Subject to the provisions of sub-section (*1*), the Provincial Government or the prescribed authority may fix later opening hours for different classes of shops or for different areas or for different periods of the year.

10. *Closing hours of shops.*—(1) Notwithstanding anything contained in any other enactment for the time being in force, no shop—

(*a*) dealing in articles and commodities other than those specified in clause (*b*) of this sub-section, shall on any day be closed later than 8–30 p.m.;

(*b*) dealing in *pan, bidi*, cigarettes, matches and other ancillary articles shall on any day be closed later than 11–0 p.m.:

Provided that any customer who was being served or was waiting to be served at such closing hour in any shop may be served in such shop during the quarter of an hour immediately following such hour.

(2) Subject to the provisions of sub-section (*1*), the Provincial Government or the prescribed authority may fix earlier closing hours for different classes of shops or for different areas or for different periods of the year.

11. *Hawking prohibited before opening and after closing hours of shops.*—(1) No person shall, before the opening and after the closing hours fixed under sections 9 and 10 of this Act, carry on in or adjacent to a street or a public place the sale of any goods.

(2) Any person contravening the provisions of sub-section (*1*) shall be liable to seizure of his goods by an Inspector:

Provided that the goods so seized shall be returned to him on his depositing rupees twenty-five as security for his appearance in court.

12. *Opening and closing hours of commercial establishments.*—(1) No commercial establishment shall on any day be opened earlier than 8–30 a.m. and closed later than 8–30 p.m.

(2) Subject to the provisions of sub-section (*1*), the Provincial Government or the prescribed authority may fix later opening or earlier closing hours for different classes of commercial establishments or for different areas or for different periods of the year.

13. *Daily and weekly hours of work in shops and commercial establishments.*—(1) Subject to the provisions of this Act, no employee shall be required or allowed to work in any shop or commercial establishment for more than nine hours in any day and forty-eight hours in any week.

(2) Any employee may be required or allowed to work in a shop or commercial establishment for any period in excess of the limit fixed under sub-section (*1*), if such period does not exceed three hours in any week.

(3) On not more than six days in a year which the Provincial Government may fix by rules made in this behalf, for purposes of making of accounts, stock taking, settlements or other prescribed occasions, any employee may be required or allowed to work in a shop or commercial establishment in excess of the period fixed under sub-section (*1*), if such excess period does not exceed twenty-four hours.

14. *Interval for rest in shops and commercial establishments.*—No employee shall be required or allowed to work in any shop or commercial establishment for more than five hours in any day unless he has had an interval for rest of at least one hour.

15. *Spread over in shops.*—The spread over of an employee in a shop shall not exceed eleven hours in any day:

Provided that in cases where any shop is on any day entirely closed for a continuous period of not less than three hours, the spread over shall not exceed twelve hours in that day;

Provided also that where an employee works on any day in accordance with the provisions of sub-section (*2*) of section 13, the spread over shall not exceed fourteen hours in any such day and where he works on any day in accordance with the provisions of sub-section (*3*) of the said section, the spread over shall not exceed sixteen hours in any such day.

16. *Spread over in commercial establishments.*—The spread over of an employee in a commercial establishment shall not exceed eleven hours in any day:

Provided that the Provincial Government or the prescribed authority may increase the spread over period subject to such conditions as it may impose either generally or in the case of a particular commercial establishment or a class or classes of commercial establishments.

17. *Holidays in a week in shops and commercial establishments.*—(1) Every shop and commercial establishment shall remain closed on one day of the week. The employer shall fix such day at the beginning of the year, notify it to the Inspector and specify it in a notice prominently displayed in a conspicuous place in the shop or commercial establishment. The employer shall not alter such day more often than once in three months, shall notify the alteration to the Inspector and make the necessary change in the notice in the shop or commercial establishment.

(2) It shall not be lawful for an employer to call an employee at, or for an employee to go to, the shop or commercial establishment or any other place for any work in connection with the business of such shop or commercial establishment on a day on which such shop or commercial establishment remains closed.

(3) No deduction shall be made from the wages of any employee in a shop or commercial establishment on account of any day on which it has remained closed under this section. If an employee is employed on a daily wage, he shall none the less be paid his daily wage for the day on which such shop or commercial establishment remains closed.

Chapter IV.

Residential Hotels, Restaurants and Eating Houses.

18. *Opening and closing hours of restaurants and eating houses.*—(1) Notwithstanding anything contained in any other enactment for the time being in force, no restaurant or eating house shall on any day be opened earlier than 6 a.m. and closed later than 11 p.m. for service:

Provided that an employee in such restaurant or eating house may be required to commence work not earlier than 5-30 a.m. and shall not be required to work later than 11-30 p.m.;

Provided also that any customer who was being served or waiting to be served at the closing hour of such restaurant or eating house may be served in such restaurant or eating house during the quarter of an hour immediately following such hour :

(2) Subject to the provisions of sub-section (*1*), the Provincial Government or the prescribed authority may fix later opening or earlier closing hours for different restaurants or eating houses or for different areas or for different periods of the year.

(3) Notwithstanding anything contained in this section or any other enactment for the time being in force, on not more than ten days in a year on festive or special occasions, the Provincial Government or the prescribed authority may, by notification in the Official Gazette, fix such opening and closing hours for different restaurants or eating houses or for different areas, as it thinks proper.

19. *Restaurants and eating houses not to sell goods of the kind sold in shops before the opening and after the closing hours of shops.*—Before and after the hours fixed for the opening and closing of shops under sections 9 and 10 of this Act, no goods of the kind sold in such shops shall be sold in any restaurant or eating house except for consumption on premises.

20. *Daily hours of work in residential hotels, restaurants and eating houses.*—Except on the days that may be notified under sub-section (*3*) of section 18, no employee shall be required or allowed to work in any residential hotel, restaurant or eating house for more than nine hours in any day.

21. *Interval for rest.*—No employee shall be required or allowed to work in any residential hotel, restaurant or eating house for more than five hours in any day unless he has had an interval for rest of at least one hour.

22. *Spread over.*—The spread over of an employee in a residential hotel, restaurant or eating house shall not exceed fourteen hours :

Provided that the Provincial Government or the prescribed authority may increase the spread over period subject to such conditions as it may impose on the days that may be notified under sub-section (*3*) of section 18.

23. *Holidays in a week.*—(1) Every employee in a residential hotel, restaurant or eating house shall be given at least one day in a week as a holiday :

Provided that nothing in this sub-section shall apply to an employee whose total period of employment in any week is less than six days.

(2) It shall not be lawful for an employer to call an employee at, or for an employee to go to, the residential hotel, restaurant or eating house or any other place for any work in connection with the business of such residential hotel, restaurant or eating house on a day on which such employee has a holiday.

(3) No deduction shall be made from the wages of any employee in a residential hotel, restaurant or eating house on account of any holiday given to him under sub-section (*1*). If an employee is employed on a daily wage, he shall none the less be paid his daily wage for the holiday.

24. *Employer to furnish identity card to employee.*—The employer shall furnish every employee in a residential hotel, restaurant or eating house an identity card

which shall be produced by the employee on demand by an Inspector. Such card shall contain the following and such other particulars as may be prescribed, namely :—

(*a*) the name of the employer ;

(*b*) the name, if any, and the postal address, of the establishment ;

(*c*) the name and age of the employee ;

(*d*) the hours of work, the interval for rest and the holiday, of the employee.

Chapter V.

Theatres or other Places of Public Amusement or Entertainment.

25. *Closing hour of theatres or other places of public amusement or entertainment.*—Notwithstanding anything contained in any other enactment for the time being in force, no theatre or other place of public amusement or entertainment shall, on any day, be closed later than 12 midnight.

26. *Theatres or other places of public amusement or entertainment not to sell goods of the kind sold in shops after the closing hour of shops.*—After the hour fixed for the closing of shops under section 10 of this Act, no goods of the kind sold in a shop shall be sold in any theatre or other place of public amusement or entertainment except for consumption on premises.

27. *Daily hours of work in theatres or other places of public amusement or entertainment.*—No employee shall be required or allowed to work in any theatre or other place of public amusement or entertainment for more than nine hours in any day.

28. *Interval for rest.*—No employee shall be required or allowed to work in any theatre or other place of public amusement or entertainment for more than five hours in any day unless he has had an interval for rest of at least one hour.

29. *Spread over.*—The spread over of an employee in a theatre or other place of public amusement or entertainment shall not exceed eleven hours in any day.

30. *Holidays in a week.*—(1) Every employee in a theatre or other place of public amusement or entertainment shall be given at least one day in a week as a holiday :

Provided that nothing in this sub-section shall apply to an employee whose total period of employment in any week is less than six days.

(2) It shall not be lawful for an employer to call an employee at, or for an employee to go to, the theatre or other place of public amusement or entertainment or any other place for any work in connection with the business of such theatre or place of public amusement or entertainment on a day on which such employee has a holiday.

(3) No deduction shall be made from the wages of an employee in a theatre or other place of public amusement or entertainment on account of any holiday given to him under sub-section ( ). If an employee is employed on a daily wage, he shall none the less be paid his daily wage for the holiday given to him.

CHAPTER VI.

Employment of Children, Young Persons and Women.

31. *No child to work in any establishment.*—No child shall be required or allowed to work in any establishment, notwithstanding such child being a member of the family of an employer.

32. *Young persons and women to work between 6 a.m. and 7 p.m.*—No young person or woman shall be required or allowed to work in any establishment before 6 a.m. and after 7 p.m., notwithstanding such young person or woman being a member of the family of an employer.

33. *Daily hours of work for young persons.*—(1) Notwithstanding anything contained in this Act, no young person shall be required or allowed to work in any establishment for more than six hours in any day.

(2) No young person shall be required or allowed to work in any establishment for more than three hours in any day unless he has had an interval for rest of at least half an hour.

CHAPTER VII.

Leave with Pay and Payment of Wages.

34. *Leave.*—(1) Every employee who has worked for not less than two hundred and seventy days during a year, shall be allowed, during the subsequent year, leave, consecutive or otherwise, for a period of not less than fourteen days, inclusive of the day or days during the period of such leave, on which, a shop or commercial establishment remains closed under sub-section (*1*) of section 17 of this Act or he is entitled to a holiday under sub-section (*1*) of section 23 or section 30 of this Act :

Provided that such leave may be accumulated up to a maximum period of twenty-eight days.

(2) If an employee entitled to leave under sub-section (*1*) is discharged by his employer before he has been allowed the leave, or if, having applied for and having been refused the leave, he quits his employment before he has been allowed the leave, the employer shall pay him the amount payable under section 35 of this Act in respect of the leave.

35. *Pay during leave.*—Every employee shall be paid for the period of his leave at a rate equivalent to the daily average of his wages as defined in the Payment of Wages Act, 1936, for the days on which he actually worked during the preceding three months, exclusive of any earnings in respect of overtime.

36. *Payment when to be made.*—An employee who has been allowed leave under section 34 of this Act shall, before his leave begins, be paid half the total amount due to him for the period of such leave.

37. *Application and amendment of the Payment of Wages Act, 1936.*—(1) The provisions of sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 of the Payment of Wages Act, 1936, shall apply to every establishment to which, and to every employee to whom, this Act applies.

(2) The other provisions of the said Act as modified by sub-section (*3*) of this section, shall apply to the payment of wages to employees employed in an establishment to which this Act applies.

(3) An Inspector appointed under this Act shall be deemed to be an Inspector for the purpose of the said Act in respect of all establishments within the local limits assigned to him.

CHAPTER VIII.

Health and Safety.

38. *Cleanliness.*—The premises of every establishment shall be kept clean and free from effluvia arising from any drain or privy or other nuisance and shall be cleaned at such times and by such methods as may be prescribed. These methods may include lime washing, colour washing, painting, varnishing, disinfecting and deodorising.

39. *Ventilation.*—The premises of every establishment shall be ventilated in accordance with such standards and by such methods as may be prescribed.

40. *Lighting.*—(1) The premises of every establishment shall be sufficiently lighted during all working hours.

(2) If it appears to an Inspector that the premises of any establishment within his jurisdiction is not sufficiently lighted, he may serve on the employer an order in writing specifying the measures which in his opinion should be adopted and requiring them to be carried out before a specified date.

41. *Precautions against fire.*—In every establishment except such establishment or class of establishments as may be prescribed, such precautions against fire shall be taken as may be prescribed.

CHAPTER IX.

Enforchment and Inspection.

42. *Powers and duties of local authorities.*—Save as otherwise provided in this Act, it shall be the duty of every local authority to enforce, within the area subject to its jurisdiction, the provisions of this Act, subject to such supervision of the Provincial Government as may be prescribed:

Provided that in respect of the areas not subject to the jurisdiction of any local authority, it shall be the duty of the Provincial Government to enforce the said provisions.

43. *Power of Provincial Government to provide for performance of duties on default by local authority.*—(1) If any local authority makes default in the performance of any duty imposed by or under this Act, the Provincial Government may appoint some person to perform it and may direct that the expense of performing it with a reasonable remuneration to the person appointed to perform it shall be paid forthwith by the local authority.

(2) If the expense and remuneration are not so paid, the Provincial Government may, notwithstanding anything contained in any law relating to the municipal fund or local fund or any other law for the time being in force, make an order directing the bank in which any moneys of the local authority are deposited or the person in charge of the local Government Treasury or of any other place of security in which the moneys of the local authority are deposited to pay such expense and remuneration from such moneys as may be standing to the credit of the local authority in such bank or may be in the hands of such person or as may from time to time be received from or on behalf of the local authority by way of deposit by such bank or person; and such bank or person shall be bound to obey

such order. Every payment made pursuant to such order shall be a sufficient discharge to such bank or person from all liability to the local authority in respect of any sum or sums so paid by it or him out of the moneys of the local authority so deposited with such bank or person.

44. *Expenses of local authority to be paid out of its fund.*—Notwithstanding anything contained in any enactment in regard to any municipal or local fund, all expenses incurred by a municipality or a local board under and for the purposes of this Act shall be paid out of the municipal or local fund, as the case may be.

45. *Appointment of Inspectors.*—(1) Every local authority shall appoint a sufficient number of persons with the prescribed qualifications as Inspectors for the area subject to its jurisdiction as it may deem fit for the purpose of carrying out the provisions of this Act.

(2) In areas which are not subject to the jurisdiction of any local authority, the Provincial Government shall appoint Inspectors with the prescribed qualifications.

46. *Powers and duties of Inspectors.*—(1) Subject to any rules made by the Provincial Government in this behalf, an Inspector may, within the local limits for which he is appointed,—

(*a*) enter, at all reasonable times and with such assistants, if any, being persons in the service of the Crown or of any local authority as he thinks fit, any place which is or which he has reason to believe is an establishment;

(*b*) make such examination of the premises and of any prescribed registers, records and notices, and take on the spot or otherwise evidence of any persons as he may deem necessary, for carrying out the purposes of the Act; and

(*c*) exercise such other powers as may be necessary for carrying out the purposes of this Act:

Provided that no one shall be required under this section to answer any question or give any evidence tending to criminate himself.

(2) The local authority shall have the power to sanction prosecutions under this Act or the rules made thereunder.

(3) The Inspectors shall have power to commence, subject to the sanction of the local authority, prosecutions under this Act or the rules made thereunder.

47. *Inspectors to be public servants.*—Every Inspector appointed under section 45 shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

48. *Employer to produce registers, records, etc. for inspection.*—Every employer shall on demand produce for inspection of an Inspector all registers, records and notices required to be kept under and for the purposes of this Act.

CHAPTER X.

Penalties for Offences.

49. *Penalty for contraventions of the Act.*—(1) If in any establishment there is any contravention of any of the provisions of this Act or the rules made thereunder, the employer and the manager shall each be punished with fine which shall not be less than twenty-five rupees and which may extend to two hundred and fifty rupees:

Provided that if both the employer and the manager are convicted, the aggregate of the fine in respect of the same contravention shall not exceed two hundred and fifty rupees.

(2) If any person contravenes the provisions of section 11 of this Act, he shall be punishable with fine which shall not be less than ten rupees and which may extend to fifty rupees.

(3) If an employee contravenes the provisions of sub-section (*2*) of sections 17, 23 and 30 of this Act, he shall be punishable with fine which shall not be less than ten rupees and which may extend to fifty rupees.

(4) If any employer or manager with intent to deceive makes, or causes or allows to be made, in any register, record or notice prescribed to be maintained under the provisions of this Act or the rules made thereunder, an entry which, to his knowledge, is false in any material particular, or wilfully omits, or causes or allows to be omitted, from any such register, record or notice, an entry which is required to be made therein under the provisions of this Act or the rules made thereunder, or maintains or causes or allows to be maintained, more than one set of each register, record or notice except the office copy of such notice, or sends, or causes or allows to be sent, to an Inspector, any statement, information or notice prescribed to be sent under the provisions of this Act or the rules made thereunder, which, to his knowledge, is false in any material particular, he shall be liable on conviction to a fine which shall not be less than fifty rupees and which may extend to two hundred and fifty rupees :

Provided that if both the employer and the manager are convicted, the aggregate of the fine in respect of the same contravention shall not exceed two hundred and fifty rupees.

50. *Enhanced penalty in certain cases after previous conviction.*—If any employer and manager who have been convicted of any offence under sub-section (*1*) of sections 9, 10, 12, 13, 17, 18, 23, 30 and 33 or under sub-section (*2*) or (*3*) of section 13, or under sub-section (*4*) of section 49 or under sections 20, 25, 27, 31, 32, 34, 48, 51, 55, 56 or 62 of this Act, are again guilty of an offence involving a contravention of the same provision, they shall each be punishable on the second conviction with fine which shall not be less than fifty rupees and which may extend to five hundred rupees ; and if they are again so guilty, they shall each be punishable on the third or any subsequent conviction with fine which shall not be less than seventy-five rupees and which may extend to seven hundred and fifty rupees :

Provided that if both the employer and the manager are convicted, the aggregate of the fine in respect of the same contravention shall not exceed five hundred rupees on second conviction and seven hundred and fifty rupees on third or any subsequent conviction ;

Provided also that, for the purposes of this section, no cognisance shall be taken of any conviction made more than two years before the commission of the offence which is being punished ;

Provided further that the Court, if it is satisfied that there are exceptional circumstances warranting such a course, may, after recording its reasons in writing, impose a smaller fine than is required by this section.

51. *Penalty for obstructing Inspector.*—Whoever wilfully obstructs an Inspector in the exercise of any power under section 46, or conceals or prevents any employee in an establishment from appearing before or being examined by an Inspector, shall be punishable with fine which shall not be less than twenty-five rupees and which may extend to two hundred and fifty rupees.

52. *Exemption of employer or manager from liability in certain cases.*—(1) Where the employer or manager of an establishment is charged with an offence against this Act or the rules made thereunder, he shall be entitled upon complaint duly made by him to have any other person whom he charges as the actual offender brought before the Court at the time appointed for hearing the charge; and if, after the commission of the offence has been proved, the employer or manager of the establishment proves to the satisfaction of the Court—

(*a*) that he has used due diligence to enforce the execution of this Act, and

(*b*) that the said other person committed the offence in question without his knowledge, consent or connivance, that other person shall be convicted of the offence and shall be liable to the like fine as if he were the employer or manager, and the employer or manager shall be discharged from any liability under this Act.

(2) When it is made to appear to the satisfaction of the Inspector at any time prior to the institution of the proceedings—

(*a*) that the employer or manager of the establishment has used all due diligence to enforce the execution of this Act, and

(*b*) by what person the offence has been committed, and

(*c*) that it has been committed without the knowledge, consent or connivance of the employer or manager, and in contravention of his orders,

the Inspector shall proceed against the person whom he believes to be the actual offender without first proceeding, against the employer or manager of the establishment, and such person shall be liable to the like fine as if he were the employer or manager.

53. *Cognisance of offences.*—(1) No prosecution under this Act or the rules made thereunder shall be instituted except by an Inspector.

(2) No court inferior to that of a Presidency Magistrate or a Magistrate of a Second Class shall try any offence against this Act or any rule or order made thereunder.

54. *Limitation of prosecutions.*—No Court shall take cognisance of any offence under this Act or any rule or order made thereunder, unless complaint thereof is made within six months of the date on which the offence is alleged to have been committed.

Chapter XI.

Miscellaneous and Supplemental.

55. *Maintenance of registers and records and display of notices.*—Subject to the general or special orders of the Provincial Government, an employer shall maintain such registers and records and display on the premises of his establishment such notices as may be prescribed. All such registers and records shall be kept on the premises of the establishment to which they relate.

56. *Wages for overtime work.*—(1) Where an employee in any establishment other than a residential hotel, restaurant or eating house, is required to work in excess of the limit of hours of work, he shall be entitled, in respect of the overtime work, to wages at the rate of one and half times his ordinary rate of wages.

(2) Where an employee in a residential hotel, restaurant or eating house, is required to work in excess of the limit of hours of work, he shall be entitled, in respect of the overtime work, to wages at the rate of twice his ordinary rate of wages.

Explanation.—For the purposes of this section the expression " limit of hours of work " shall mean—

(*a*) in the case of employees in shops and commercial establishments, nine hours in any day and forty-eight hours in any week;

(*b*) in the case of employees in residential hotels, restaurants, eating houses, theatres or other places of public amusement or entertainment, nine hours in any day; and

(*c*) in the case of employees in any other establishment, such hours as may be prescribed.

57. *Evidence as to age.*—(1) When an act or omission would, if a person were under or over a certain age, be an offence punishable under this Act, and such person is in the opinion of the Court apparently under or over such age, the burden shall be on the accused to prove that such person is not under or over such age.

(2) A declaration in writing by a medical practitioner recognised by the Provincial Government for the purposes of this Act, relating to an employee that he has personally examined him and believes him to be under or over the age set forth in such declaration shall, for the purposes of this Act, be admissible as evidence of the age of the employee.

58. *Restriction on double employment on a holiday or during leave.*—It shall not be lawful for an employer to employ an employee, or for an employee to work, in any establishment on a day on which such employee has a holiday or is on leave.

59. *Notice of Dismissal.*– No employer shall dispense with the services of an employee who has been in his continuous employment for not less than three months, without giving such person at least fourteen days' notice in writing or wages in lieu of such notice :

Provided that such notice shall not be necessary where the services of such employee are dispensed with for misconduct.

60. *Rules.*—(1) The Provincial Government may make rules to carry out the purposes of the Act.

(2) In particular and without prejudice to the generality of the foregoing provision, such rules may be made for all or any of the following matters, namely :—

(*a*) the appointment of prescribed authority under caluse (20) of section 2;

(*b*) the period for which, the conditions subject to which and the holidays and occasions on which, the operation of the provisions of this Act may be suspended under section 5;

(*c*) the form of submitting a statement, the fees and other particulars under sub-section (*1*), the manner in which the registration of establishments is to be made and the form of registration certificate under sub-section (*2*), of section 6; and the form for notifying a change and the fees under section 7;

(*d*) fixing six days in a year for additional overtime under sub-section (*3*) of section 12;

(*e*) fixing ten days in a year for overtime under sub-section (*3*) of section 18;

(*f*) further particulars to be prescribed for an identity card under section 24;

(*g*) fixing times and methods for cleaning the establishments under section 38; fixing standards and methods for ventilation under section 39; and prescribing such establishments as are to be exempted from the provisions of, and precautions against fire to be taken under section 41;

(*h*) the supervision which the Provincial Government shall exercise over local authorities under section 42;

(*i*) the qualifications of Inspectors appointed under section 45 and their powers and duties under section 46;

(*j*) the registers and records to be maintained and the notices to be displayed under section 55; and

(*k*) the limit of hours of work under clause (*c*) of sub-section (*2*) of section 56.

(2) The rules made shall be subject to the condition of previous publication and, when so made, shall be deemed to be part of this Act.

61. *Protection to persons acting under this Act.*—No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done under this Act.

62. *Rights and privileges under other law, etc., not affected.*—Nothing in this Act shall affect any rights or privileges which an employee in any establishment is entitled to at the date this Act comes into force in a local area, under any other law, contract, custom or usage applicable to such establishment, if such rights or privileges are more favourable to him than those to which he would be entitled under this Act.

63. *Application of the Factories Act, 1934.*—Notwithstanding anything contained in the Factories Act, 1934, and in this Act, every person employed within a factory shall be governed by the provisions of the Factories Act, 1934.

64. *Submission of annual reports, etc.*—It shall be the duty of every local authority to submit, within three months after the close of the year, to the Provincial Government a report on the working of the Act within the local area under its jurisdiction during such year. It shall also submit to it from time to time such annual or periodical returns as may be required.

65. *Repeal of Bombay Shops and Establishments Act, 1939.*—On and from the date on which this Act comes into operation, the Bombay Shops and Establishments Act, 1939, shall be repealed.

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Co-operative Farming in Bombay Province

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PREFACE

In 1944 Government consulted the Provincial Rural Development Board about the possibility of developing co-operative farming in this Province and the Board unanimously advised that there was considerable scope for the experiment and that it will prove beneficial to agriculture. At that time there were three co-operative farming societies in this Province, the Maharajpeth Joint Farming Society, Dharwar, Shri Vishveshwar Vinayak Prasadik Joint Farming Society, Kumta, Kanara District and the Rokde Joint Farming Society, Pachora, East Khandesh District. Thereafter, a Joint Farming Society was organised in Karde, Poona District. Statistical information relating to Co-operative Farming Societies in existence at present is given in Appendix K.

2. When the Ministry took office, the subject was pursued with vigour. Originally, it was contemplated to set up a Committee to investigate in the light of the existing crop practices, distribution of land and prevailing land tenures and also the extent of virgin land available for development, the suitability of the adoption of schemes of collective, co-operative, joint or better farming, to recommment which types of farming societies are best adopted to secure the optimum production and the most equitable distribution of agricultural profits and to suggest model schemes of each type of society considered suitable in different areas in this Province. It was, however, decided that instead of appointing a Committee, if the subject was entrusted to a Special Officer who could devote a considerable amount of his time to this question, which members of a committee may not be able to spare, concrete proposals which could be implemented quickly would be available. While this question was being considered the Defence Department started de-requisitioning lands and assets which had been requisitioned and/or created by them during the war. Government considered that a Special Officer could go simultaneously into the question of inspecting and recommending which Defence Department assets and requisitioned properties should be taken over by the Provincial Government and also explore the possibilities of co-operative farming generally in the Province and, in derequisitioned agricultural land in particular. Where the previous holders wished to resettle in the de-requisitioned lands, they could be persuaded to form co-operative farming societies or where they wished to migrate to other areas, the lands could be acquired with a view to undertaking joint or co-operative farming.

3. Captain S. P. Mohite, who was entrusted with this work after considerable thought, energy and contact with the people, submitted his report which is printed here. Government has considered his report carefully and also the recommendations on the subject contained in the report of the Co-operative Planning Committee appointed by the Government of India under the chairmanship of Mr. R. G. Saraiya, O.B.E. and has decided to encourage very actively co-operative farming experiments. Each district will be surveyed by the Agriculture and Co-operative Departments and the Public Works Department (wherever the question of irrigation comes in) so that a joint plan for development for co-operative farming indicating how best to utilise natural resources e.g. water, land and capital economically and profitably and how best to combine capital and labour in profitable, economic combination so as to banish diminishing returns and secure optimum yields. This will be better than the piecemeal registration of societies

which may or may not be economic propositions. The plans will then be available for the consideration of the District Rural Development Boards and will thereafter be before Government with the recommendations, if any, of these Boards. As the plan for each district gets finally settled, the Co-operative Department, with the help of the Agricultural Department, will sponsor schemes of co-operative farming and the Agricultural Department will give the necessary technical advice to these societies for cropping plans, land development programmes, extension of joint irrigation etc. Government will place for a period of five years, the services of Agricultural Assistants at the disposal of these societies, or groups of such societies where they are in compact areas, the society to bear half of the cost for the third year and full cost from the sixth year. The Provincial Land Mortgage Bank and District Co-operative Central Banks may be expected to assist these societies by way of long-term loans and short-term and intermediate finance. Where these two financing agencies are unable to meet the requirements of co-operative joint farming societies in full, Government will grant assistance by way of loans at easy rates of interest and terms of re-payment. Free audit and advice by Co-operative, Agriculture and Public Works Department would be available to these societies. Government expects that the formation of co-operative joint farming societies either on the co-operative collective or co-operative tenant farming basis, would lead to more profitable and rationalised agriculture instead of the wasteful cultivation of fragments as at present. When the Bill for the Consolidation of Prevention of Fragmentation of Holdings is enacted, schemes of co-operative farming will be helpful in a accelerating the pace of consolidation of fragments.

4. The recommendations of Capt. Mohite regarding modifications in the Bombay Tenancy Act to suit co-operative farming are being considered by Government. Similarly, his recommendations regarding the provision of facilities for irrigation by co-operative farming societies are also being considered. Government does not consider it necessary to set up a Provincial Co-operative Farming Board as suggested by Capt. Mohite. After Government passes orders on the joint plans and the recommendations of the District Rural Development Boards, it does not appear necessary to set up separate Boards ; Government agrees with Capt. Mohite that it is necessary to organise subsidiary village industries for each co-operative farm. Stabilisation of prices recommended by Capt. Mohite is not a new matter. It has been suggested by the Famine Inquiry Commission and many others and formed the subject of a special inquiry by the Central Government. But it is an all-India problem which cannot be tackled by any Province in isolation. The Government of India is already considering this question. Government agrees with Capt. Mohite regarding the absorption of ex-soldiers in schemes of co-operative farming and his recommendations regarding utilisation of the Services' P. W. R. Fund and Sir Cusrow Wadia Trust Fund and the Sir Sasoon David Trust Fund for developing co-operative farming.

5. Government agrees with the Co-operative Planning Committee that though co-operation should be basically a voluntary process, "in certain activities essential for economic progress, like consolidation of holdings, crop protection or irrigation, the desired object may not be attained without resort to compulsion".

6. Government comtemplates expanding the scope of Chapter XI of the Bombay Co-operative Societies Act, which at present applies only to Crop Protection Societies, to comprehend Better farming. Better farming will include development of land and better methods of cultivation by means of improved seed, irrigation, bunding, tractor ploughing, soil conservation, prevention of erosion etc. A Better farming society will include a joint farming society and co-operative farming society. In the proposed legislation it is intended to provide that where 66 per cent. of the landholders in a compact area owning not less than 75 per cent. of the land agree to a Better farming scheme in the sense defined above, the remaining landholders owning the remaining land in that area will also be covered by the scheme. The first requisite of profitable farming instead of the present deficit farming is consolidation of fragments, co-operative farming and their economic management. Government expects that agriculturists will take up co-operative farming zealously. In case they do so, Government will not hesitate to help in the way outlined above.

7. Government appreciates the recommendations of Capt. Mohite and is thankful along with him to those who gave him the benefit of their considered views and valuable suggestions.

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CO-OPERATIVE FARMING IN BOMBAY PROVINCE.

Area and Land Tenures.

The gross area of this province is 48,658,903 acres, and it is divided into classes as follows:—

1.	Unassessed cultivable land	436,662
2.	Land not available for cultivation—	
	(*i*) uncultivable	4,257,860
	(*ii*) assigned for special and public purposes including forest	9,800,233
	(*iii*) used for buildings and other non-agricultural purposes	62,064
3.	Cultivable assessed land—	
	(*i*) unoccupied	699,528
	(*ii*) free or specially reduced	1,193,889
4.	Remaining occupied unassessed land—	
	(*i*) Ordinary	23,205,376
	(*ii*) Restricted	1,129,789
5.	Alienated	7,873,502
	Total ...	48,658,903

Of the area assigned for special and public purposes 3,227,867 acres are forests.

2. The land tenures prevalent in this province are (*i*) Rayatwari, and (*ii*) non-rayatwari. The former predominates the area under it being 44,675,934 acres i.e., nearly 90 per cent. of the total area of the province. The total area under non-rayatwari tenure is 3,977,512 acres. Non-rayatwari tenure is divided into various classes and prevails in various parts of the Province as shown below:—

1. *Talukdari.*—(Principally, in Western talukas of Ahmedabad districts, viz., Viramgaon, Dholka, Dhandhuka, Sanand and Gogha). The area under this tenure is 1,466 square miles. There are also Talukdari estates in Broach, Kaira and Panch Mahals collectorates.
2. *Vanta.*—(More or less in certain villages all over Gujarat north of the rive Tapti).
3. *Narwadari.*—(Chiefly met with in Kaira district and in a few villages in the Ahmedabad and Surat districts).
4. *Bhagdari.*—(In Panch Mahals).
5. *Mahwasi.*—(In the area on the banks of the river Mahi and in Prantij taluka and Modasa Mahal of Ahmedabad district).
6. *Maleki.*—(In Thasra taluka of Kaira district).
7. *Udhad Jamabandi.*—(In Kaira district).
8. *Sarakati.*—Found in few villages all over the province.
9. *Khoti tenure.*—(In Thana, Kolaba and Ratnagiri districts and Salsette taluka).
10. *Inafat tenure.*—(Scattered over different talukas in the Northern Konkan).
11. *Shilotri tenure.*—(Prevalent along the coast or along the larger creeks).

3. Khoti tenure in the Northern Konkan i.e., Thana Salsette island and Karjat and Panavel talukas of Kolaba district, may be distinguished from that in the Southern Konkan. The Khots of the Northern Konkan are, in fact, lease-holders of certain number of villages. They have never claimed to be the proprietors of the soil.

4. Holders of lands under non-rayatwari tenure prevailing in Gujarat are generally tenants-at-will. Some of these might have now acquired the status of protected tenants under the provision of Bombay Tenancy Act, 1939 and in respect of the rest the term of tenancy will be hereafter for at least 10 years, according to the provision of the same Act as recently amended.

5. Holders of Khoti lands in the Southern Konkan are either Dharekaris or permanent tenants or tenants-at-will. Tenures of lease in respect of the latter will be in accordance with the provisions of the Bombay Tenancy Act, 1939 as amended.

6. Shilotri lands are lands reclaimed from the sea and they are commonly known as Khars. A major portion of these lands is let out by Shilotars at will and the rest are cultivated by permanent tenants. The provisions of the Tenancy Act referred to above are also applicable to the tenants at will holding Shilotri lands.

Distribution of Land.

7. The statements at Appendices A, B, C and D are related to the number of holdings in Government Rayatwari area of the Province. Statement at Appendix A has been prepared on the basis of the information available in the files connected with the Bill of 1927 for the prevention of sub-division and fragmentation. Statement at Appendix B has been taken from the Final Report of the Famine Inquiry Commission. Statement at Appendix C contains information for the year 1943–44 and the statement at Appendix D contains information for the year 1942–43 and was collected in the course of inquiries carried on by me.

8. A perusal of the statements discloses that the number of holdings has been continuously increasing from 1904–05 to 1942–43 as can be seen from the sub-joined abstract :—

No. of years.	No. of holders.
1904–05	12,72,102
1916–17	19,82,671
1921–22	20,32,126
1936–37	20,29,000
1942–43	23,7 ,571
1943–44	22,91,415

In 1943–44, the number of holdings had decreased nearly by 86,000. This decrease might have been due to (1) high prices of agricultural produce which had enabled the cultivators to pay off their debts and redeem or buy back their lands, and (2) the enforcement of the provisions of the Agricultural Debtors Relief Act and the Tenancy Act of 1939. The former has helped to scale down the debts of the agriculturists, thereby making the repayment of the debts easy and the latter has encouraged the non-agricultural classes to part with their lands.

9. From the statements at Appendices B and C it will be seen that 49 per cent. or a little less than half the number of holdings are below 5 acres and comprise only 9·5 per cent. of the total area, whereas 10 per cent. of the holdings are between 25 to 100 acres in extent and comprise a little more than 1/3rd of the total area. Nearly 1/6th of the total area is owned by 10 per cent. of the people whose holdings are more than 100 acres in extent. It is also apparent that nearly 78·54 per cent. of persons hold 32·28 per cent. of the area with their holdings ranging from 1 to 15 acres. The following abstract of these appendices will show that a preponderantly large number of holdings are very small and that there are great inequalities in the distribution of land between the holders.

Classification of holdings.	1936–37		1943–44	
	Percentage of No. of persons.	Percentage of area held.	Percentage of No. of persons.	Percentage of area. held.
Upto 5 acres	49	9·5	49·26	9·5
Between 5 and 15 acres	29	22·8	29·28	22·78
Between 15 and 25 acres	11	17·7	10·83	17·67
Between 25 and 100 acres	10	34·4	9·71	34·48

10. Appendix A discloses that the number of holdings under 5 acres has been steadily increasing from 1904–05 to 1921–22 in all the three divisions of the province. During the same period holdings of between 5 and 25 acres had shown a gradual decrease in the northern and southern divisions, whereas they had shown a phenomenal increase in the central division during the period 1916–22. The reasons for this increase are difficult to gather. The holdings of between 25 and 100 acres had also shown a similar gradual decrease all over the province throughout the period. The number of holdings of between 100 and 500 acres had fallen in the central and southern division, whereas it had risen in the northern division, during the years 1916 to 1922. It is very interesting to observe that the holdings of over 500 acres had shown an increase in the northern and central divisions and an increase and a fall in the southern division. Appendix A also discloses a very significant fact, namely that, the increase in the number of holdings of under 5 acres had been mainly at the cost of holdings of between 25 and 500 acres and to some extent of those between 5 and 25 acres.

11. On the basis of the figures for the year 1936–37, the average size of a holding was 11.7. It will be seen that with 9·5 per cent. of the land comprising 49 per cent. of the total number of holdings, the sizes of holdings of below 5 acres are bound to be still smaller than what appears apparent from a casual glance at the figures.

12. The increase and decrease in the number of smaller and bigger holdings respectively has been due to a variety of causes. Laws of inheritance and succession, social customs, indebtedness of the agriculturists have all contributed

towards the result. It is a common experience that a decrease in the size of a holding whether on account of transfer or laws of inheritance is invariably accompanied by fragmentation of holdings. The extent of such fragmenation can be seen from the following:—

No. of villages.	No. of Survey No.	No. of hissas.	Remarks.
20,516½	37,08,650	94,73,869	
952	1,27,759	13,85,891	Khoti Ratnagiri.

13. The above figures relate to the year 1945–46. It will be seen that in Ratnagiri district, there are nearly 10 sub-divisions in a survey number and, in the rest of the province, the average number of sub-divisions is three. The geographical and agricultural conditions in Ratnagiri are more or less the same throughout the district and therefore, in different parts of the district, there may not be wide variations in the average number of sub-divisions in a survey number. But in the rest of the province, the conditions differ and along with it, the average number of sub-divisions in a survey number. In Deccan, Karnatak, and Gujerat survey numbers containing bagayat lands are sometimes divided in such small fields that hardly a plough can turn round in them. The evil of fragmentation is so acute and well-known that it hardly needs to be proved or emphasised by facts and figures.

Economic Holdings.

14. It will undoubtedly be very interesting and instructive to find out how many of the holdings into which the agricultural land of this province is divided are economic. Statement at Appendix J contains information about the areas required to form economic holdings in different districts of this province, for various kinds of lands and crops. As the Province of Bombay can broadly be divided according to topographical, climatic, soil and rainfall conditions into four distinct tracts, the above statement may be summarized as under:—

Details of Economic Holdings.

		Crops Rice	Rice land Acres.	Warkas land Acres.
Konkan and Mawal tract.	Dry	Hill Millets, etc.	5 to 7	10 to 15
	Irrigated.	Fruits & vegetables.	4 to 5	10 to 15.
		Gardens	1 ½ acres under supari and 10 acres under varkas. 2 acres mango or cocoanut and 5 acres under warkas.	
Transition tract		... Irrigated	... 10 to 12 acres out of which ½ area under irrigation.	
		Dry	20—25 acres.	
Plain		Irrigated	15 to 30 acres.	
		Dry	25 to 35 acres.	
Gujarat		... Irrigated	10 to 12 acres.	
		Dry	25 to 35 acres.	

15. It can be seen from the abstract of appendices C and D mentioned above that as many as 78·5 per cent. of the holdings are of below 15 acres. The total cropped area and the total irrigated area in the province in 1935-36 and the percentage of the latter to the former was as under :—

	Total cropped area acres.	Total irrigated area from all sources acres.	Percentage of 3 to 2.
1	2	3	4
1935-36 ...	29,373,043	1,220,478	4·16

These figures have been taken from the report of the Irrigation Inquiry Committee appointed by this Government in 1938. It can safely be assumed that there has not been much change in the proportion of irrigated to unirrigated lands since 1936. Thus a preponderance of small holdings of less than 15 acres and the very small extent of irrigated land will show, when the nature and size of the areas required to form economic holdings are considered, the gravity of poor yields obtained from the cultivation of small fragmented and uneconomic holdings. The Famine Inquiry Commission came to the same conclusion and observed* that in Bombay Province while the average size of holdings, was larger than the corresponding figures for other provinces, the yield per acre of net area shown was the lowest, being only 0·19 tons per acre. The average holding in this province is capable of yielding approximately 2·2 tons per acre, which was about the same as in Bengal and the United Provinces. Roughly one-half of the holdings, comprising about one-tenth of all the land, were very small and capable of yielding less than one ton each ; whereas holdings capable of yielding over 5 tons numbered about one-tenth of the total and comprised about one-half of the land.

Government Waste Land.

16. There are Government waste and forest lands throughout the province. Government has been considering since 1943 the reservation of blocks of waste lands of 15 acres and more for ex-servicemen. In some districts, a few such blocks have already been ordered to be reserved. Government has now ordered (*vide* Government Resolution, Revenue Department, No. 2586/45, dated 23rd August 1946) that compact blocks of 100 acres and more of Government waste lands should be reserved for the purpose of co-operative farming. Information was, therefore, collected about the number of such blocks available in this province and is contained in Appendix "F". The sub-joined statement containing an abstract of this appendix shows the number of such blocks and the area contained in them :—

Division.	No. of blocks.	Total area of blocks.	Extent of cultivable land out of area in column 3.	Extent of revenue waste and forest out of area shown in column 3.	
				Revenue waste.	Revenue forest.
1	2	3	4	5	6
Northern Division ...	162	42,553	12,320	22,691	5,118
Central Division ...	441	1,31,228	76,456	41,355	87,412
Southern Division ...	139	39,107	22,235	17,729	21,378
Total of the Province ...	742	2,12,888	1,09,011	81,775	1,13,908

*Vide page 257 of the Final Report.

Average area of a block : 286·9 acres.

Average cultivable area of a block : 146·9 acres.

17. Since 1942, in pursuance of the "Grow More Food" Campaign, a major portion of the above area has been given for cultivation on eksali leases. Most of these leases may terminate within the course of this year or the next.

18. It will be seen from the above statement that, out of the total cultivable waste land, more than 50 per cent. is in the Central Division, the Southern and the Northern Division having more or less the same acreage of waste land. Column 6 of the statement discloses that nearly half of the waste land is revenue forest. The averages of blocks in each division are more or less the same as the average for the whole province.

19. In the Central Division, Ahmednagar, accounts for the major portion of the number of the blocks in the division, Nasik and Satara next following in order of importance. In all these three districts, Government waste land consists mainly of revenue forest lands. In Sholapur District, almost all the waste land consists of revenue forest lands.

20. In the Northern Division, Thana, has the largest number of blocks but most of these lands are either stony or salty. Panch Mahals comes next in importance with an area of 9,816 acres of waste land of which 5,339 acres are cultivable. These cultivable lands are disforested lands.

21. In the Southern Division, Bijapur District, has the largest number of blocks, but Kanara district has the largest acreage of cultivable waste lands. In Kolaba district, out of 11,946 acres of waste land 7,531 acres are Khajan lands which are reported as cultivable out of a total cultivable waste land of 9,457 acres. In Ratnagiri, there are only 10 blocks comprising 3,700 acres of waste land. Of the latter 3,456 are reserved forest lands. At the meeting convened by me at Ratnagiri, I was told that, there were 7,000 acres of Khajan lands along the sea-coast, and on the banks of major creeks. Very few of these Khajan lands seem to consist of compact blocks of 100 acres or more.

22. In Dharwar, Belgaum and Bijapur districts, the hariali weed has been responsible for throwing out of cultivation large areas of fertile soil. A statement showing a acreage of hariali-infested lands in the above districts is at Appendix FF. The extent of the areas in each district may be seen from the following abstract of the above statement:—

	Area.	
	A.	g.
Belgaum	333	4
Dharwar	2,594	3
Bijapur	4,578	5
	7,504	12

23. From the above abstract, it is seen that, Bijapur and Dharwar districts account for practically the whole of the hariali-infested lands. A perusal of the statement will also show that, these lands are situated in talukas which are very susceptible to scarcity and famine conditions. The lands thrown out of cultivation or the cultivation of which is unprofitable being ridden with hariali are usually the best lands in the village. Every effort should therefore, be made to eradicate the evil of hariali weeds. A scheme of deep-ploughing by tractors at concessional rates is in operation in these lands. My experience as a Revenue officer in Karnatak has shown that, such hariali-infested lands usually belong to either absentee or non-cultivating land-lords, and even if these lands are freed from hariali weeds by tractor-ploughing they are again infested with hariali as usually subsequent care to remove off-shoots or fresh growth of hariali is not taken. If, however, such lands are managed by co-operative farming societies, the removal of hariali weeds and subsequent care will be attended to in the course of cultivation.

24. Information regarding Government waste and forest lands in Dharwar and Poona, could not be obtained. Statistics about Poona district included in the statement were collected from sources available in the Secretariat. However fuller information about the districts may reveal the existence of many more blocks.

Lands Irrigable by Bandharas.

25. A statement of lands irrigable by bandharas is contained in Appendix G. It will be seen from the statement that in the Northern Division irrigation by bandharas is practically non-existent, and that there is very little possibility of such irrigation. In the Central Division, it would appear that there exists scope for irrigation by bandharas, but a detailed survey appears necessary in order to find out its extent. In the Southern Division, irrigation by bandharas is possible in 64 villages in Belgaum, Dharwar, and Kolaba District, Kolaba District having the largest number of villages, namely, 57.

Lands Irrigable by Special Pumping Sets.

26. Appendix H contains information regarding lands irrigable by pumping sets. In the Northern Division, information has been supplied about Thana and Panch Mahals districts only. In Thana, there is considerable scope for irrigation by setting up pumping plants on the bank of Ulhas river from Bhivpuri to Kalyan. In Broach district, in Broach and Ankleshwar talukas such irrigation is possible in 20 and 5 villages respectively. In the Central Division, there is vast scope for irrigation by pumping plants in all the districts. The largest irrigable area by pumping plants in the Central Division is along the banks of Krishna and Bhima rivers. Sholapur and Satara have the highest and the second highest acreages with 8,850 and 7,142 acres respectively. An important feature of the land shown as irrigable by pumping plants is that they appear to be fertile, containing very good soil. The total area irrigable by pumping is—

Northern Division	...	Exact acreage not known.
	Acres.	
Central Division	...	18,192
Southern Division	...	33,731
	Total ...	51,923

The Methods of Cultivation.

27. Information about methods of cultivation was called for from the Director of Agriculture with reference to following points :—

(*a*) the prevailing methods of cultivation in different parts of Konkan, Gujerat, Deccan and Karnatak ;

(*b*) types of agricultural implements used in cultivation ;

(*c*) the advance and extent of improved methods of cultivation, use of modern implements, improved seed and chemical and other fertilisers ;

(*d*) how far mechanical equipment such as tractors, harvestors, cutters, etc., is being used ; what is the scope for the further mechanisation of agriculture in the Province and what are the chief obstacles in its way.

28. The Divisional Deputy Directors of Agriculture have supplied information on the above points, a perusal of which discloses the following points :—

(*i*) The cultivation of cereal, millets and pulses, cotton, groundnut and other money crops is still being carried on along the old conservative lines.

(*ii*) The old wooden plough predominates. The use of Iron ploughs, however, is gradually increasing. Other implements of agriculture such as harrows, seed drills, clod-crushers are the traditional ones. The improved implements of agriculture advocated by the Agricultural Department are being introduced mostly by educated and model agriculturists, while the ignorant farmer is not ready to part company with his old-fashioned implements which are prepared and repaired locally. Roughly, the extent of the use of the improved agricultural implements may be about 5 to 10 per cent. in Gujerat and up to 25 per cent. in Karnatak. No improved agricultural implements are used in Konkan, as rice being the only important crop, nothing more than a wooden Konkan plough and a tooth plank are found to be necessary.

(*iii*) Improved seed and groundnut cake as manure are bein ntroduced on a large scale in Konkan. In Karnatak, the cultivators ave become accustomed to the use of improved seed, chemical and other fertilisers. In the Central Division, the use of improved seed is becoming more popular day by day. At present, in this division, schemes to produce, to multiply and to distribute improved seeds on systematic lines are being run. The response from the cultivators, however, is not very encouraging except in the case of improved variety of sugarcane and jarilla cotton. The use of fertilisers is mostly confined to irrigated and money crops like sugarcane, fruits and vegetables. The Agricultural Department is of the opinion that chemical fertilisers should only be used in combination with organic manures like compost or farm yard manure in order to prevent deterioration of the soil.

In Gujerat, the cultivators on the advice of the Agricultural Department are sowing their crops wide apart in order to facilitate interculture and allow easy growth of plant resulting in a better yield as regards both quality and quantity.

(*iv*) Mechanical equipment such as tractors, harvesters, cutters, etc., is is very little used in Gujerat, Central and Karnatak divisions and not at all used in Konkan. In Konkan, there is no scope for the use of mechanical equipment except for the small hand operated motor plough which has been recently imported into India, as the ricefields are small in size and terraced. In Karnatak, a scheme financed by the Agricultural Department for tractor ploughing the hariali infested lands is in operation during the last one year. In the Central division, big cultivators and sugar factories have been using mechanical equipment. At present, there is a large demand for tractor ploughs, particularly in the irrigated tract of Deccan, on account of the better financial position of the irrigators. For the introduction of mechanised agriculture, there is considerable scope in the irrigated tract of Deccan, the extensive plains of Khandesh, Karnatak and the big estates in Gujerat. But the main difficulties in this are—

(1) Scattered and small holdings.

(2) Absentee landlords who have no interest in the improvement and cultivation of their land.

(3) The fragmentation of holdings.

(4) The poor financial position of agriculturists.

(5) The lack of knowledge regarding the use of mechanical implements.

(6) The non-availability of technicians to work and repair such machines, and

(7) Last but not the least, bad communications.

29. It will be thus seen that modern and scientific methods of cultivation have not been adopted by the agriculturists on an appreciable scale. Excessive concentration on certain crops, particularly the cash crops viz., cotton, sugarcane and groundnut, has lowered the former standards of crop rotation which in themselves need improvement. In some parts of Gujarat, the continuous raising of cotton crops is displacing the system of rotation and alternate cropping with the result that certain plant diseases and pests are appearing. Such departures from the system of alternate and sequential crops intensify the evil of soil depletion.*

Views and Suggestions of the Members of the Public.

30. To ascertain the views of the Public, a press-note was issued inviting suggestions and opinions. D. O. letters were written to 37 persons mentioned in the list at Appendix "I" whose suggestions and opinions were considered to be of special value. In response to the press-note, only one gentleman who is at present a Manager of the Joint Farming Association at Karda in Poona district has forwarded his views and suggestions. In response to my D. O. letters, replies were received only from 16 persons, whose names are at serial No. 1 to 15 and at 35 in the list.

31A. A brief summary of the suggestions made by different gentlemen is given below:—

(*i*) Every available inch of land including even grazing areas had been brought under cultivation. Waste and forest lands should be reclaimed in order to

* *Vide* 26 (The Indian Rural Problem).

increase food production and efforts made to form co-operative societies for their cultivation. Without sustained efforts it would not be possible to extend co-operative or joint farming to lands already under cultivation.

(*ii*) In order to induce people to adopt co-operative joint farming (*a*) no assessment should be charged until the outturn of crops from reclaimed lands makes their cultivation a paying proposition; (*b*) co-operative banks should advance finance on easy and concessional terms, Government guaranteeing the re-payment of such loans; (*c*) manure and implements of agriculture should be made available through co-operative societies; (*d*) facilities for water supply by sinking wells and erecting pumping plants should be provided; and (*e*) co-operative joint or collective farming should be the joint concern of the officers of the agricultural co-operative, revenue and Public Works Department. Co-operative centres should be started at suitable places.

(*iii*) Government should undertake speedy legislation to prevent further fragmentation, notwithstanding the plea that such measure would increase the number of landless cultivators. For persons displaced from the land, Government should start in every taluka town, small industrial schools to teach carpentry, handloom-weaving and other trades.

31B. (*i*) The introduction of co-operative or joint farming under suitable direction and management and in accordance with schemes which will command the confidence and support of cultivators concerned is a subject which requires early attention. Its success will lead to increased and more economical crop-production and raise the standard of living in rural areas.

(*ii*) All the joint farming societies so far organised in the Province have not succeeded in achieving collective cultivation on a profit-sharing basis, as opposed to individual cultivation on small holdings. Most of them have not gone further than co-operative purchase and sale and that only to a small extent.

(*iii*) Further establishment and extension of co-operative farming in this Province will depend upon the initiative in such work being taken by Government. The following steps should be taken for the establishment of co-operative or joint farms:—

(*a*) The selection of suitable sites in different districts of the province, if possible, on lands capable of irrigation by canals, tanks or pumping plants. As far as possible, these sites should be within easy reach of a good marketing place. These sites should comprise an area of 150 acres if irrigated and 400 acres, if dry.

(*b*) The selected sites should be acquired or leased for at lest 20 years. If suitable Government land is available, this would not be necessary. The sites should then be developed by Government at its cost according to a plan as a Joint or co operative farm. The development will include the layout of fields and water-courses, installations of pumps and engines for irrigation, the construction of houses and other buildings for the settlers. These developed sites should then be handed over to co operative or joint farming societies, in forming which, preference should be given to dispossessed cultivators provided they are willing to co-operate and are found suitable. The initial cost to Government should be recovered in instal-

ments out of the profits made by the Society. A Provincial Joint Farming Association should be formed during the development period which will (*a*) take over from Government the sites thus developed, (*b*) organise co-operative farming societies on such sites (*c*) undertake the acquisition or leasing of new sites.

This Association should be sponsored by Government and should be provided with adequate funds at its disposal to meet the expenditure on development. It should grant loans, both of a capital and recurring character to the subsidiary Joint or Co-operative Farming Societies working under its auspices.

(*iv*) The Co-operative Farming Societies should be permitted to frame rules and by-laws in accordance with the local customs and systems of tenancy, subject to the approval of the Provincial Joint Farming Association and Government. No attempt should be made to impose rigid and stereotyped rules and bye-laws. The rules should provide for (*a*) the fixation of weekly wages based on hours of work and (*b*) the distribution of profits.

(*v*) Government should at once undertake the practical training of suitable men who will be required for suspervision of the scheme during the development period and even after the co-operative Farming Society is formed. For the success of a Co-operative Farming Society efficient and adequate expert management by trained officers will be needed.

31C. A survey of different villages should be made to find out where people have understanding and readiness to put the corporate interest above personal interest. Such a survey should include contact with leaders of people experienced agriculturists, Associations and Societies, individual rural workers officers of the Revenue, Agricultural, Co-operative and Forest departments. By such survey it will be possible to locate villages where different types of co-operative farming from Better Farming Societies to those of the most extreme Russian models could be introduced :—

(*i*) Co-operative farming experiments should be tried at places where the output per acre is low and the population scarce.

(*ii*) The area of a co-operative farm should consist of acquired land.

(*iii*) The Co-operative farm should be a colony of landless labourers and owners of uneconomic holdings.

(*iv*) In a co-operative farming society, formed to cultivate Government waste or acquired land, work should be done on a collective basis with machines and bullocks owned in common. The distribution of farm-produce should be in accordance with labour put in by an individual. The idea of private ownership should disappear.

31D. (*i*) Joint or Collective framing is not popular with the people from Karnatak as they do not know its benefits, nor have any serious efforts been made to explain to them its benefits. The landlords only care for rent and the cultivators areaverse to making improvements out of fear of being evicted from the lands. The owner cultivator class is very limited.

(*ii*) Of late, landowners and cultivators have shown a tendency towards farming on a Co-operative basis. Joint or Collective farming is possible in Chikodi, Athani, Hukeri, Belgaum and Bailhongal talukas.

(*iii*) There are large areas of fallow and waste lands in Belgaum district which provide scope for joint farming on Co-operative lines.

31E. (*i*) Co-operative farming is the only way for the uplift of cultivators.

(*ii*) In this country, Co-operative farming rather than collective or joint farming will succeed as the former does not affect the right of private ownership.

(*iii*) Co-operative farming will rationalise agriculture and ensure many economies in cultivation. But as the idea of co-operative farming is new to the people it may not at once appeal to them. Government should, therefor , start co-operative farming experiments at suitable places, guaranteeing to make up the deficit in case the income of such farms falls below normal.

31F. (*i*) Government should give financial help for reclaiming khajan lands which can be used for growing of cocoanut gardens.

(*ii*) Plantation of some trees and creepers on sandy sea-shore should be carried on to prevent valuable hinterlands being thrown out of cultivation by sand blown in from the sea-shore.

31G. Co-operative farming, instead of being an isolated item by itself, must form one of the important items of comprehensive development of natural resources of a valley.

31H. Registrar of Co-operative Societies, Bombay Province, Poona :—

(*i*) In this Province, there are two types of Joint Farming Societies, viz. (1) Societies in which lands are cultivated separately but the purchase of agricultural requirements and sale of agricultural produce is done jointly and (2) societies in which lands are pooled for joint cultivation and profits are shared in proportion to wages and capital including land contributed. The first type is akin to a better farming society, though it has been placed under " joint farming society " in the leaflet " QQ ", issued by the department.

(*ii*) So far, the experience in the organisation and working of Joint Farming societies has not been very happy, the main difficulty being unwillingness on the part of the owners to pool their lands and accept wages in proportion to labour put in by them.

(*iii*) If a scheme for Joint Farming on a large scale is to be put into operation, a large area of Government land should be made available. Forest and waste lands will first have to be developed with the assistance of agricultural and other departments.

(*iv*) The success of Joint Farming Societies would largely depend on adequate technical supervision and guidance without which there can be no proper cropping plan and improvement and economies expected from large-scale agriculture.

31I. (*i*) Village people should be able to live according to a decent standard of life. Villages should be self-sufficient, as far as possible. To demonstrate that this is possible, an area of 500 acres should be acquired for the settlement of fifty selected families who would jointly carry on agriculture on co-operative lines.

(*ii*) The lands acquired for the settlement should be improved at Government cost and necessary agricultural equipment provided. Agriculture may not occupy the whole of the time of the settlers; therefore, subsidiary occupations such as cattle-breeding dairying, etc., should be organised.

(*iii*) For social and moral uplift of the settlers a basic school should be started in the settlement in which instructions about citizenship should be imparted.

32. The following points emerge from the foregoing summary :—

(1) So far, Joint Farming Societies have not succeeded in achieving their objects, the main difficulty being unwillingness of the owners of the land to pool their holdings.

(2) Government must take the initiative to establish Co-operative Farming Societies, starting with Government waste or forest lands or suitable selected acquired or leased sites. Initial expenditure on the development of the land should be borne by Government and recovered later on.

(3) Success of Co-operative Farming Societies would largely depend on adequate technical supervision and guidance.

(4) Any scheme of Co-operative farming which will adversely affect the right of private ownership will not appeal to agriculturists.

(5) Industries subsidiary to agriculture should be organised to occupy the leisure of agriculturists and to supplement income from the co-operative farms.

(6) Substantial inducements in the form of remissions of assessment, advances of loans at low rates of interest, facilities to secure agricultural implements, fertilizers, etc., will have to be offered by Government to encourage people to undertake co-operative farming.

33. Of the remaining gentlemen who have answered my demi-official letters, I must gratefully mention the names of Sir Manilal B. Nanavati and Mr. R. G. Saraiya, O.B.E., J.P., Chairman, Bombay Provincial Co-operative Bank, Ltd., Sir Manilal Nanavati had a long discussion with me in the course of which he gave me valuable suggestions and pointed out that intensive and extensive development of multi-purpose societies should precede the development of co-operative farming societies. Mr. Saraiya sent me an advance copy of the report of the Co-operative Planning Committee, of which he was the Chairman. The report was very useful to me and I have liberally drawn on its contents wherever necessary.

District Meetings.

34. I also contacted local opinion by holding discussions with leading co-operators, cultivators, landlords, officials and non-officials interested in the subject. Meetings were accordingly held in the following districts :—

Northern Division—

Ahmedabad.
Surat.
Panch Mahals.

Central Division—

Ahmednagar.
Nasik.
East Khandesh.
West Khsndesh.
Satara.

Southern Division—

Belgaum.
Dharwar.
Ratnagiri.

35. In all these meetings it was noticed that there was a general awakening regarding Co-operative Farming. It has dawned on the minds of local leaders, social workers and enlightened cultivators that without the introduction of some sort of Co-operation in the actual cultivation of lands, the present backward and unproductive state of agriculture will not improve. Very few of these people, however, possess clear ideas on Co-operative, joint or Collective Farming. Their vision of Co-operative farming was limited to what are known as Better Farming and multi-purpose Co-operative Societies. The idea of merging individual fields into one big farm and cultivating it jointly on a profit-sharing basis in proportion to land and labour contributed, appeals to their intellect as the most efficient means of improving agriculture. But, on account of its novelty, they feel that, the mass of cultivators, who are conservative, ignorant and unaccustomed to such a way of life, who have deep attachment to the idea of separate physical possession of their family holdings and who are suspicious about any change, may not be prepared to join the new enterprise unless they are convinced either by practical demonstration or by intensive and sustained propaganda or by substantial inducement that the way to a higher standard of living lies through co-operative effort. I was invariably asked to explain what was meant by co-operative farming, and it was only after such an explanation that a lively discussion followed and views were expressed. A brief summary of these discussions is as under :—

1. Experiments of Co-operative farming should first be tried on Government waste lands.

2. A start should be made with Co-operative Better Farming Societies as they would be more likely to appeal to the present psychology of the agriculturists.

3. Water from river or other Government sources should not be given except to Co-operative farms. Without such compulsion, Co-operative farming would not be a success.

4. A Consolidation of holdings Act should be passed as it would pave the way to co-operative farming.

5. Small farmers should be forced to amalgamate their holdings with the adjoining lands of big landholders for the purpose of joint cultivation.

6. Wide and intensive propaganda by non-officials, in whom people have faith, will have to be made to educate the people in the principles and pratice of co-operative farming.

7. Taluka demonstration centres should be organised to guide the people of the locality.

8. Lands remaining uncultivated owing to disputes and Khajan lands not cultivated should be acquired by Government and granted for cultivation on co-operative lines. Work on co-operative farms should be evaluated in work-day units.

9. Minimum agricultural prices should be fixed and subsidiary industries started. The cultivation of food grains should be subsidized.

10. Government aid in the form of cheap capital, manure, agricultural implements and technical advice would be necessary.

11. Landless agriculturists might come forward to cultivate Government forest lands on co-operative lines. They would require an advance of one year's working capital.

12. Co-operative tenant farming and Co-operative Collective Farming would be popular amongst Raniparaj—adivasis from Surat district.

13. In Talukdari lands, rents should be declared to be payable in cash only, so that, the Talukadars would agree to give their lands to Co-operative farming societies.

14. Collectors should be authorised to permit leasing of talukdari lands.

15. Without the organisation of co-operative marketing, co-operative farming would not be successful.

36. The above summaries reveal that throughout the province the general consensus of opinion on the subject of co-operative farming is more or less the same. The trend of thought is along the lines of Government initiative, demonstration farms, intensive propaganda, the preservation of the right of private ownership, inducement by substantial financial and technical aid and compulsion either in the form of acquisition or otherwise.

37. It is a matter for serious consideration how far it is advisable to use compulsion. Those who suggest the use of state force in the form of acquisition of lands or the imposition of legal liabilities on those who do not join co-operative farming enterprises, probably do so for two reasons. First, they may be impatient of the ignorance and conservatism of the cultivator and secondly, they may be very anxious to ensure rapid progress of co-operative farming in order to end immediately the poverty caused by low agricultural yield. Without questioning the sincerity underlying these suggestions, the methods advocated are of doubtful efficiency.

38. Compulsion is entirely opposed to the fundamental conception of co-operation, which has been everywhere a voluntary movement. Self help and mutual aid for a common economic endeavour cease to be such when they are not evoked as a result of the appreciation of the need for joint action for economic regeneration. There is of course nothing wrong, nay, it may be even necessary on the part of the state to use all manner of propaganda and persuasion to induce people to form co-operative societies. It is proper and may be even essential, to grant far reaching and substantial concessions to stimulate co-operative organisation. But the freedom to join a co-opeative society should

not be negatived by Government, however, national in outlook and in composition. Urge for betterment must come from the people themselves, though all help, monetary as well advisory, should be given by Government. Work done under official control may be likened to pouring water in a pond, which dries up as soon as its artificial feeding is stopped. What should be aimed at is to dig deep and to expose the well-springs of life so that the fountain of village life keeps on supplying ever-fresh and sparkling water.

Advantages of Co-operative Farming.

39. It has been already observed that in this province, the distribution of land is inequitable, the majority of holdings are very small and capable of yielding less than half a ton per acre, the evil of fragmentation is acute, methods of cultivation are old and not conducive to increased production, and the extent of irrigated land is insignificant. The cumulative effect has been a very low yield per acre, lower, according to the Famine Inquiry Commission than that in any other province in India. The Bombay Government in its replies to the Famine Inquiry Commission's Questionnaire had stated that, "In the absence of information as to what will be our increased production in the near future, as the result of extension of cultivation, increase of irrigation and adoption of improved agricultural methods it is not possible to supply information on this point. It is, however, certain that even if the provincial production is increased to its maximum extent still there would be a gap between provincial commitments and production and hence this province would always remain an importer"*.

40. It is a point for consideration to what extent one should share the feeling of pessimism expressed by the Government of Bombay in 1945. The following account may, however, help us to understand the position.

The yield of crops wholly dependent upon rainfall is much lower than that of irrigated crops as can be seen from the figures given below :—

	In lbs. per acre.	
Rice.	Irrigated.	Unirrigated.
Madras	1,195	865
Punjab	819	521
United Provnces	1,050	800
Wheat.		
Bombay	1,236	496
Punjab	928	551
Delhi	1,148	656
United Provinces	1,050	750

The provision of an assured water supply is therefore, the most important factor in increasing the yield of food-grains per acre.

* See page 19 of the Replies.

41. The average yields of foodgrains in India as a whole are lower than those of other countries as shown in the sub-joined statement.

	lbs. per acre.		
	Wheat.	Rice.	Maize.
Egypt	1,918	2,998	1,891
Germany	2,017	....	2,828
Italy	1,383	4,568	2,079
Japan	1,713	3,444	1,392
U. S. A.	812	2,185	1,579
China	989	2,433	1,284
India	660	1,240	803

The average yield per acre in India is ⅓rd of that of Egypt in respect of wheat, nearly 1/4th of that of Italy in respect of rice, 1/3rd of that of Germany in respect of maize. There are many causes for such a low yield, they are :—

(*i*) Deterioration of soils ;
(*ii*) Inadequate or irregular rainfall ;
(*iii*) Unsatisfactory systems of croping ;
(*iv*) Lack of good seeds ;
(*v*) Poor live-stock and other equipment ;
(*vi*) Sub-division and fragmentation of holdings ;
(*vii*) Want of adequate credit facilities ;
(*viii*) Primitive system of marketing ;
(*ix*) Lack of initiative and enterprise on the part of illiterate cultivators.

4. It is, therefore, obvious that if the causes which lead to low yield are removed and irrigation facilities increased, there is no reason why the yield of foodgrains per acre in India should not equal, if not exceed, that of other countries mentioned above. In view of this, one may be justified in not sharing the pessimistic attitude that Bombay province would always remain an importer of foodgrains.

42. It has been already seen above that there are many persons both owners and tenants who are endeavouring to support themselves by farming on holdings insufficient in size to provide an adequate standard of living by any of the systems of farming that can maintain soil fertility. These small holdings fragmented into many dwarf farms cannot make full use of modern machinery. They also cannot adopt improved methods of cultivation based on up-to-date scientific knowledge and research in agriculture. The time is passing when farmers could farm by instinct, the way their fore-fathers did and expect to make a good living. It will not be far from the truth to say that, agriculture is becoming a business requiring a high degree of management ability which many farmers lack.

43. In arguing thus against the continuance of small-scale farming a case has been indirectly built up in favour of large-scale farming. The advantages of large scale farming may be summarised as follows :—(1) It permits the use of the most modern machinery and methods, many of which, require a capital investment which no small farmer could afford. (2) It is conducive to the efficient division of labour. (3) It is capable of providing employment all the year round. (4) It can afford protection against crop failure and price fluctuation by means of its

diversified enterprises. (5) A large farm can be self sufficient by producing a variety of goods needed by the farm workers. (6) It can assure its workers stable and full employment and thus an adequate income. (7) It may provide social advantages such as insurance against sickness, accident, old age etc. and facilities for education, recreation and cultural advancement.

44. Co-operative farming is one of the methods of re-organising agriculture by means of large-scale farming. Large-scale farming, unless it is directed towards the welfare of their workers, by itself, will not secure the social advantages mentioned above. Co-operative farming, on the other hand, will secure both social as well as economic advantages as it is based on the principle of distributive justice.

45. A brief description of the various methods of farming—co-operative, collective and joint—as given below may be useful and interesting in finding out which of them would be suitable for adoption in this Province.

(a) *Collective Farm.*

1. A Collective farm is a voluntary union of peasants with common means of production and their joint organized labour in order to achieve a complete victory over poverty and ignorance over the backwardness of the small individual farm and to ensure highly productive labour so as to make all collective farmers affluent.

2. Every Collective farm is given a State certificate for the use of the land described in the certificate in perpetuity. All the hedges which formerly divided the holdings of the members of the collective farm are removed and the whole area is converted into one single land massif.

3. No private property in land is recognised, except in a plot of land varying from $\frac{1}{8}$th of an acre to $1\frac{1}{4}$ acres, attached to a collective farm house-hold. Every such peasant small-holding in the collective farm could include, as private property, one cow, one or two calves, one or two sows, upto 10 sheep and goats (together), an unlimited number of rabits and poultry and upto 20 beehives. These small holdings and other personal property are considered essential to satisfy the personal needs of the collective farmer. The Collective farm does not in any way interfere with the peasants normal family and home life, nor does it come in the way of development of peasants personal tastes and inclinations.

4. The following means of production belonging to the peasants are socialised. All working cattle, agricultural implements (plough, seeder, harrow, thresher, reaper) seed supplies, supplies of fodder sufficient to maintain the socialised cattle, the farm buildings necessary for the functioning of the collective farm and all enterprises for the manufacture of farm produce.

5. The socialised property of a collective farmer is valued in cash and 50 per cent. to 75 per cent. of the value is considered as his contribution to the farm. The remainder is paid into a sinking fund. The contribution of a member who withdraws from the collective firm is returned to him in cash.

6. Any working peasant, man and woman who has attained the age of 16, is accepted as a member of a collective farm. Members are at liberty to withdraw from the collective farm. However, the withdrawing members former land-holding remains in the collective farm, but he has a right to receive land in another place. No member can be dismissed except by a majority of $\frac{2}{3}$rd of the members in a general meeting.

7. The administration of a collective farm is managed by the Board of management elected by the general meeting of the members. The general meeting is the highest administrative organ which also elects the Chairman of the collective farm. The Board is made up of from five to nine members and is elected for two years. The chairman of the collective farm is the ex-officio chairman of the Board. The Board has a vice-chairman elected by itself.

8. The Board is the executive body of the collective farm and accountable to the general meeting of the members. The duties of the Chairman include the day-to-day directions of the work of the collective farm. The Board appoints brigade leaders and managers of diary farms.

9. There is an auditing committee elected by the general meeting to make a a complete audit of the farms' activities once a quarter. It is the duty of the audit committee to report to the general body or to the Board on all cases of abuse or violation of the collective farm statute, rules and regulations.

10. Organisation and payment of labour is based on the principle, " from each according to his ability, to each according to the work performed. He who does not work, neither shall he eat ". The basis of the collective farm organisation is the brigade system. The brigades are formed by the Board of the collective farm. The principal brigades are the field brigade, the tractor brigade and the dairy brigade. The field brigade contains from 30 to 80 workers, the exact number depending on the nature of the region. The sole leader of the brigade is the brigade leader who organises the work within his brigade according to the qualifications and the abilities of each member. It is compulsory for all members of the brigade, to adhere to the instructions issued by the brigade leader.

10. The board of management sets a price on all forms of farm work which is valued not on a monetary basis but in terms of a special unit known as a " work-day ". The Board of management sets the quotas of work in work-day units in all branches of farming. The farmer's labour is paid for out of a definite income of the collective farm in proportion to the number of work-day units, credited to his account. He is not paid wages. To stimulate the farmers' interest in their work, special bonuses in the form of additional work-days are given for an increase in labour productivity over the average for the collective farm. If a field brigade by its good work obtains a harvest that is above the average for the farm, or if a dairy farm brigade obtains a greater yield of milk per cow, then the Board of management grants special awards to these brigades, amounting to upto 10 per cent. of the total work-days, or even 15 per cent. for workers who especially distinguish themselves, and 20 per cent. for the brigade leader or farm manager. If, on the contrary, there is a decrease in the production, there is a reduction by 10 per cent. in the work-day units credited to the brigade. This payment of labour in accordance with quality and quantity gives every collective farmer a direct material interest in the results of his work.

Collective farms have to carry out the cropping plan fixed by the State for each farm. Machinery such as tractors, combined, harvestors, threshers, cultivators etc. required in the mechanical cultivation of a collective farm is provided by the Machine and Tractor station organised and maintained by the State. The entire audit and marketing organisation is controlled by the collective farm.

11. The income of a collective farm is distributed as under :—

(*a*) Out of its cash receipts, the collective farm pays (*i*) agricultural incomg tax (*ii*) the tax on the turn-over of the auxiliary enter prises (*iii*) premium for the insurance of tax farm's property (*iv*) re-payments for advaces made by the State (*v*) contribution from 10 to 20 per cent. of the gross cash income, to the sinkine

fund to be used for improving and extending the farm, and (*vi*) over-head expenses in connection with production and other farm needs, for cultural and other every-day needs of the farmers and for administrative costs.

(*b*) Out of its income in kind, the collective farm (*i*) sets aside the quantities of farm-produce determined by the State as obligatory delivery, (*ii*) returns advances of seed, if any, made by the State (*iii*) sets aside a part to pay for the work done by the M.T.S. under contract, to build up seed and forage funds, for assistance to the temporarily incapacitated, invalids and the aged and for children's institutions.

The balance i.e. the entire net income in cash and kind, is distributed among the members in accordance with the number of work days credited to each.

(*b*) *Co-operative Farming.*

1. Co-operation literaly means working together. Co-operative farming may therefore, mean farming or any part of it done by coming together. It would, however, be obviously wrong to call farming co-operative, if it is carried on independently by individual owners or tenants, who come together and organise not the whole or any part of the actual process of farming as a joint enterprise but only the supply of credit, agricultural or domestic requirements, the processing and marketing of prodce. There are comparatively easier forms of co-operation known as " multi-purpose co-operation ". However much multi-purpose co-operation may help farming, it can not constitute co-operative farming.

2. A co-operative farming society may take one of the following four forms :—
   (1) Co-operative Better farming society.
   (2) Co-operative Joint farming society.
   (3) Co-operative Tenant farming society.
   (4) Co-operative Collective farming soceity.

3. A brief description of each of the above forms is as under :—

1. Co-operative Better Farming Society.

1. Any ten or more cultivators can form a Co-operative Better Farming Society. The objects of the Society are to promote the economic interests of its members through the adoption of improved and better methods of cultivation. The cultivation of land is carried on by each member separately. The members agree to follow a plan of cultivation laid down by the Society. In furtherance of its object, the society may arrange for (*i*) the adoption of better methods of agriculture (*ii*) .the joint purchase of seed, manure and implements (*iii*) the demonstrations of recent improvement in agriculture (*iv*) the advance of loans to members at moderate rate of interest for the pooling, cleaning, grading and selling of the produce of the members (*v*) the joint ploughing and harvesting, watch and ward and joint use of machinery and (*vi*) the development of secondary occupations.

2. Every member is free to follow his own course of action except in respect of the purposes for which he joins the Society.

3. The administration of the society is managed by a managing committee elected by the general meeting of the members. The latter is the supreme authority in all matters of the Society. The general meeting elects the managing committee, appoints the Secretary of the Society, issues general direction for the conduct of the business of the Society and grants sanctions in important matters connected with the purchase of machines, implements, rate of interest, rate of commission and the limit of borrowings.

4. The Managing Committee is the Executive Body of the society and looks after the day to-day working of the Society. The Managing Committee usually consists of 5 members and appoints its own chairman.

5. The Capital of a Co-operative Better Farming Society is raised by (*i*) issue of shares, (*ii*) receiving deposits from members and others, (*iii*) raising loans, (*iv*) donations and grants, (*v*) subscription and contribution from members and (*vi*) entrance fees. There are limitations imposed on the borrowing power of the Society. Every member has to buy a share of the Society before he becomes a member, but no member can have more than one vote whether he holds one share or more than one share.

6. The gross income of the Society is first utilised for payment (*i*) of interest on loans and deposits, (*ii*) of the working expenses, (*iii*) losses and (*iv*) depreciation on buildings and other wasting assets. The balance i.e. the net profit is utilised partly in contributing to the Provident Fund and partly in paying bonuses to the members in proportion to the business done through the Society.

2. Co-operative Joint Farming Society.

1. In a co-operative joint farming society individual owners of land merge their fields in order to form a big block of area, compact if possible, which will permit the application of scientific methods of cultivation. The existence of small, uneconomic holdings is a great obstruction to the use of modern methods of cultivation but by pooling such holdings, economic farming becomes possible.

2. The objects of a Joint Co-operative Farming Society are to :—

(*i*) purchase or take on lease lands for cultivation ;

(*ii*) to encourage owners of land to merge their holdings to form large blocks of lands suitable for mechanical cultivation and to effect the introduction of improved methods of farming ;

(*iii*) to prevent the fragmentation of holdings ;

(*iv*) to arrange for the joint purchase of requirements and the joint sale of the agricultural produce of members ;

(*v*) to arrange for finance required for the working of the joint farm ;

(*vi*) to arrange for expert advice and to undertake land improvement and other activities, to encourage self help and thrift amongst the members.

3. The funds for such a society are raised by entrance fees, the issue of shares, receiving deposits, raising loans, donations and grants. The membership of the Society is open to any occupant of lands who is otherwise eligible in other respects.

4. The management of the society is run by a managing committee consisting of seven members and elected by the general meeting. Members of the society work on the pooled land in accordance with the directions of the Managing Committee and the Manager appointed by the Committee. They work jointly and each member receives wages for his daily labour.

5. The ownership of each member in his holding continues and is recognised by the payment of a divided in proportion to the value of his land. A subsidiary agreement is usually made between the Society and each member that, if any improvement is made in his plot of land, he will repay its cost when he ceases to belong to the Society.

6. By joining the Society, the member loses the right to physical possession and association of specific piece of land and to let it out to anybody he likes. But his right of ownership of the land remains in tact. Laws of inheritance and succession are also not violated. If a member dies, his heirs succeed to the share held by the member in the joint farm.

7. Thus, the underlying idea in the organisation of a Joint Co-operative Farming Society is that, the individual rights in land should not be abolished but converted into shares in a joint enterprise. In this way, he collective farm idea would be adapted to the peasant proprietorship system and the elements of expropriation avoided.

8. The proceeds of the Joint Farm are distributed as follows :—

(1) Interest on loans and deposits ;

(2) Working expenses ;

(3) Losses ;

(4) Depreciation ;

(5) Land assessment cesses and rent.

Of the balance i.e. the net profit 25 per cent. are carried to Reserve Fund and 6¼ per cent. dividend is paid to the members on the share capital paid by them. 70 per cent. of the remaining balance of the net profit is paid to the members in proportion to the wages earned by them and the rest spent as bonus to salaried staff and subscriptions to charitable objects.

9. The payment of wages to the members for the work done by them on the Joint Farm need not necessarily be in the form of daily wages. The work may be evaluated as in the case of the collective farm in terms of work-day units fixed by the Society. Payments in work-day units become more and more easy to make as the farming becomes mechanised and specialised.

3. Co-operative Tenant Farming Societies.

1. Co-operative Better Farming and Co-operative Joint Farming Societies are formed by persons who own lands or who have a right to permanent occupation of the land either as tenants or in any other capacity. But there are a large number of people who do not own any land of their own and yet earn their livelihood by cultivating lands. Such people can also form co-operative farming societies of the types known as—

(*a*) Co-operative tenant farming society ; and

(*b*) Co-operative collective farming society.

Co-operative Tenant Farming Society.

2. This type of society owns land in free-hold or leasehold. The land of the Society is divided into plots or holdings which are leased out for cultivation to members of the society. The society decides upon a plan for the best cultivation of the land but the manner in which the plan is to be executed is left to the discretion of each individual tenant member.

3. The society arranges for the supply of credit, seed, manure and agricultural implements and also for the marketing of produce belonging to the tenant members. The tenant members, however, are at liberty to avail themselves or not of the above facilities provided by the society.

4. Every member of the society who has taken up a plot is responsible to the society only for the payment of the rent for his plot, the entire produce from the plot being at his disposal.

5. This type of society serves more or less as a superior landlord and the profits, after meeting all expenses and providing for a reserve fund, are distributed amongst the members in proportion to the rent paid by each.

6. The aims and objects of a Co-operative tenant farming society, its administration and the system of distribution of its net profits are similar to those of a Co-operative Better Farming Society.

4. Co-operative Collective Farming Society.

1. This type of society may hold land in free-hold or lease-hold. All the cattle, agricultural implements and other means of production are owned jointly by the members of the Society.

2. The members work jointly on the land of the society and are paid wages for the work contributed by them in cultivation of society's land. A very important advantage in the formation of such society is that large-scale cultivation and even mechanization of agricultural production becomes feasible.

3. The aims and objects of this society, its administration are the same as those of a Co-operative Joint Farming Society. But, in the distribution of net profits, it differs from the Joint Farming Society. The profits are worked out at the end of the year and after providing for the payment of wages, rent, reserve fund, etc., the net profit is distributed among members in proportion to the wages earned by them in the cultivation of the society's land.

4. Russia is the only country where collective farming is carried on at present on a national scale. The success achieved by Russia in revolutionising her agricultural conditions through the collectivization of agricultural farms has been so astounding that the term "collective farming" has become synonymous with the way in which the agriculture is organised in Russia. During the period 1933-40 percentage of collectivised peasant farms increased to 96·9 with 99·9 per cent of the peasant farm lands in the collective farms. There are now a quarter of million collective farms in Russia with a population of 75 millions on an area of 104 million hectares.

5. Collective farming, as it is practised in Russia is by no means a logical development of Co-operative farming, although both imply joint farming. Collective farming is built on the basis of common ownership of land and common cultivation of land by all the members. In co-operative farming, members continue to have a right in the land, whether as owner or tenant,which they have agreed to pool together for the purpose of farming for a specified period or for ever. In collective farming, members have only a claim upon the produce of the farm. Co-operative farming is an entirely voluntary organisation, though no one has a right to be admitted to membership as a matter of course. In collective farming on the other hand, every cultivator in a locality has a right of membership of a collective farm. Farming is carried on in Collective farms on a large scale with the use of power and machinery according to a plan laid out by the State from which practically no deviation is allowed. Co-operative farming is more independant and permits no interference.

6. The workers on the Collective farm receive as their remuneration a share of the total income after payment is made for the cost of cultivation and contribution is paid to the State. The remuneration is distributed among different workers according to the quality and quantity of work turned out of which a record is kept. Co-operative farming pays wages to workers, whether members or not, at prevailing rates and distributes net profits or a part thereof according to the value of the land contributed.

7. The Collective farming of the Russian type may be distinguished from Co-operative Collective farming described above. The latter is a fully democratic institution managed by the members themselves without any state control or dictation. The land of the Society is taken in free-hold or lease-hold and it is open for a member to resign from the society and claim a refund of any capital subscribed by him. A collective farm on the other hand, though apparently managed on democratic lines is largely controlled by the State in respect of production and price policy for a greater part of the marketable produce of the farm. The members of a collective farm lose irrivocably the right of individual ownership.

Co-operative Farming in Palestine.

1. The Zionist movement for the establishment of a national home for Jews has led to the development in Palestine of distinct types of farming organizations on Co-operative lines. They are :—

	No.
(1) Private villages with individual farms	45
(2) Small holders' co-operative settlements	95
(3) Collective settlements	111
(4) Small holders' collective and co-operative settlements ...	4

2. In private villages with individual farms, there is nothing special from the point of view of co-operative farming except that in these villages there are many types of co-operative societies for organising sales and purchases, providing water supply, and encouraging thrift and credit.

3. The shall holders Co-operative settlements have the following characteristics :—

(1) nationally owned land, (2) every member receives on lease only what he or she can cultivate with the help of the members of his or her family and what would give that family a reasonable standard of living, (3) independent living with normal family life, (4) no outside labour permitted except during emergency, (5) mixed farming with the object of obtaining self-sufficiency and of staggering work throughout the year, (6) compulsory Co-operative sale and purchase and (7) common services for the settlement as a whole in respect of education, culture, religion, health and sanitation. Every individual farmer has to pay to the settlement funds a fixed amount every year to cover the common expenses of the whole settlement.

4. The collective or communal settlements of Palestine are important as experiments of co-operative living demonstrating to a very high degree the application of co-operative principles to farming.

5. The main objects of a collective settlement are:—

(*i*) to manage and develop collective farms, (*ii*) to undertake agriculture and other works, (*iii*) to organise industry in the settlement, (*iv*) to dispose of the products of the settlement and purchase its requirements, (*v*) to maintain a common purse into which all the earnings of the members shall be paid and from which all the requirements shall be provided and (*vi*) to assist members in raising their economic, social and cultural standards by mutual aid, to care for their sick and to support the old, feeble and other persons dependent on members.

6. The membership of the settlement is open only to Jews. The fundamental principles underlying the organization and working of a collective settlement are (1) nationally owned land, (2) self labour, (3) the common ownership of the settlements by all the members, (4) collective production and consumption, (5) collective education and rearing of children, (6) mixed farming, (7) the contribution by each according to his or her capacity and the distribution to each according to his or her needs. It will be seen that in this type the farm is worked jointly by all the members, that there is a common purse, common kitchen and common educational arrangements for the settlement as a whole. In short all the requirements of the individual member are provided for by the settlement.

7. The administration of the settlement is run on the lines of a Russian collective farm as described earlier in this report. The ultimate authority lies in the general body composed of all the members of the settlement. The day to day administration is run by an executive committee and various other sub-committees dealing with different aspects of the working of the settlement. The members of the society are divided into different groups and are placed in charge of group leaders appointed by the general body.

8. Small holders' collective and co-operative settlements are only 4 in number. In these settlements, there is a combination of collective settlement and small holders' co-operative settlement. The members perform all their social activities collectively but eat and live independently. These settlements resemble very closely Russian collective farms in their organisation and working. It is said that Jewish opinion in Palestine is turning in favour of this type of settlement as it enables a member to enjoy the privacy and pleasure of family life with advantages of collective farming.

9. It may be interesting to compare the Palestine Collective settlement with Russian Collective farm. The life in the former is a more advanced type of socialistic life than the life in the latter. In Russia, unlike in Palestine compulsion and rigorous control in the development of collective farming was exercised by the state on the collective farms. The collective farms in Palestine do not recognise wages as private property of individuals.

Joint Village Management.

1. Mr. Tarloksing in his book "Poverty and social change" has indicated a type of rural organisation which is analogous to the Co-operative Joint Farming described above. According to Mr. Tarloksing, a village is to be the unit of management. The organization which he suggests for bringing about the change from poverty to prosperity is the joint village management. His proposals envisage in the early stages, the pooling of all the village lands, its division into family plots or work units and the assignment of these plots on lease to the heads of cultivators' families. In the course of time, when the village organization becomes more integrated and the work becomes mechanized and specialised, Mr. Tarlok Singh expects all the family plots in the village to merge into one farm co-extensive with the village area.

2. For the purpose of payment, his scheme divides the income from land into two parts (*i*) income due to work and (*ii*) income due to ownership. Those who will cultivate their own lands under his scheme will receive income due to land and income due to labour contributed by them in the management and working of the joint farm, whereas those who do not own land but will cultivate another's land will receive income due to labour only. Once the land of an individual cultivator has passed under the control of the joint village management, he will not have the right to withdraw his land from the joint management. He can sell it or mortgage it but he cannot lease it. His heirs or successors can inherit it but, instead of sharing particular parcels of land, they will share in proportion to their rights the ownership dividend due on such land, each having the right to work in the jointly managed village. The only change that will be brought about by the system of joint management will be that, the ownership will neither imply permanent physical possession over or association with a specific piece of land, nor the right to let that piece of land to a tenant-at-will in return for rent. The owner will have the right to receive income from the farm according to the value of the contribution made by him and also he will have the right to work on the farm.

Co-operative Farming Societies in Bombay Province.

46. Early history of Co-operative farming in this Province is very interesting. The idea of Co-operative Farming has struck roots in this Province as early as 1921. The first joint cultivation Society was started in that year by Mr. M. R. Godbole at Arjunsonda in Sholapur district. The history of the Society is not available, but it appears that, it came to a very premature end. In the same year, another experiment of Co-operative Farming was sponsored by Dr. H. H. Mann with the help of Mr. C. R. Honap at Bhambora in Karjat taluka in Ahmednagar district. This Society was a Co-operative Tenant Farming Society. Although the Society was called Co-operative Joint Cultivation Society, cultivation was done on an individual basis by the members of the Society. The part played by the Society was to divide the land leased to it into suitable units for cultivation, to provide bullocks and seeds, to regulate the crops to be grown and to provide finance. The part played by the members was to cultivate and receive a share in the produce, firstly, in their capacity as owners and secondly, in their capacity as cultivators. The subsequent history of this Society is also not known.

2. At present, there are in all 8 societies in this Province purporting to be Joint Farming Societies. Of these 2 are in North Kanara district at Balkali and Madguni; 2 in East Khandesh at Rokda and Pimpalwade, 2 in Satara district at Bhakatwadi and Padali, 1 in Dharwar at Maharajpeta and 1 in Poona, at Karda. All the above societies except those at Karda, Bhakatwadi and Padali conform to the type of Co-operative Better Farming Society. In these societies, application of co-operation to processes of farming is negligible. The Joint Co-operative Farming Society at Karda is more advanced than the co-operative better farming societies mentioned above. This society has recently undertaken to arrange for joint farming of lands by its members.

3. The societies at Bhakatwadi and Padali are perfect models of Joint Co-operative Farming. The members of these Societies have pooled together their lands, cattle and other means of agricultural production, they cultivate their lands jointly, own their cattle in common and divide the income of the co-operative

tive farm in proportion to the land and labour contributed by them in the working of the farm. It is very interesting and significant to note that the societies at Bhakatawadi and Padali have come into existence purely out of the desire of the people to improve their economic condition by joint efforts. There was no official prompting of any kind whatsoever.

4. The Society at Bhakatwadi and Padali have recently been registered and Government has sanctioned a grant of Rs. 1,000 to each of the Societies and a subsidy equal to the pay of a Manager in the scale of Rs. 75—5—100 for a period of 3 years. From the very beginning the society has been managed by the Managing Committee elected by all the members forming the genera body.

5. A new Society of the type of Collective Co-operative Farming Society has come into existence since April 1946 at Kirkasal in Satara district. The Society has not yet been registered but the proposal for its registration under the Co-operative Society's Act is under consideration. Here again, the people of the village were brought together to form such a society not by any official encouragement but by the desire of the people to retain the advantage of a large forest survey number in their village. This society comprises in its fold all the families of the village. During the past year, all the families have contributed an equal amount of labour towards the cultivation of land and have shared equally in the produce. In view of the fact that the people of this village are absolutely backward and illiterate, their effort is not only commendable but most heartening to the advocates of Co-operative farming.

The Suitability of Co-operative Farming.

47. In view of the existing methods of cultivation, distribution of land, prevailing land tenures, acreages of irrigated and irrigable lands and the extent of Government waste land available in this province, the question that arises is, which method is suitable for adoption. An answer to this question will depend on a variety of circumstances including the stage of agricultural development in different parts of the province and the psychology of the cultivators.

48. At present, collective farming is not suitable for adoption in this province. The Indian farmers are sons of the soil and are still very conservative. They have a deep attachment to their family holdings, however small and uneconom c. Any change likely to affect the right of private ownership of land will not only be viewed with suspicion as an attempt at expropriation but may even meet with organised opposition. Such an opposition may even be justifiable so long as owners of means of production in other fields of industry are not disturbed in their right of ownership.

49. The type of co-operative farming prevalent in Palestine may not be suitable to Indian conditions either. Co-operative farming in Palestine forms an integral part of the way of life of the Jewish people. Although co-operative living in Palestine has succeeded in improving the material and social conditions of the Jewish settlers, its introduction in India to bring about similar results may not succeed as the conditions in which co-operative living in Palestine thrived, differ from those existing in India.

50. The communal settlements in Palestine were organised by the Jewish National Agency in pursuance of its ideal of establishing in Palestine a Jewish

national home by settling as many oppressed Jewish emigrants from Europe as possible. These emigrants were actuated by a supreme desire to found at any cost a Jewish national home in Palestine. They were great scientists, doctors, lawyers, agronomists, scholars, etc. and were prepared to face difficulties, share hardships and keep the welfare of the group above personal comforts or profits. In the communal villages in Palestine, no private property exists. The earnings of the groups are divided amongst the members on the basis of their needs and the only incentive to work, is the sense of responsibility of each settler to do his best to further the group's welfare. The family has lost all its economic functions and only exists for satisfying the affectional, educational and the social needs of the individual.

51. Thus, the psychology of an Indian farmer, his intellectural development, his way of life, his ideas about private property and the motives which prompt his economic and social activities bear no resemblance whatsoever to those of the Ghetto-bred Jewish pioneers. Therefore, the adoption of co-operative living of the type prevalent in Palestine is not at present suitable in India.

52. It is doubtful whether the Joint village management advocated by Mr. Tarlok Singh in his book, " Poverty and Social change " will succeed in this province. Theoretically, his scheme appears very sound but it may be difficult to implement it for the following reasons :—

(*a*) It has not been tested by actual experiment anywhere in India. (*b*) It has been conceived against the background of agricultural conditions in the Punjab in general and in the consolidated villages in particular. (*c*) The division of village lands into work-units would prove extremely difficult and might create more problems than it could solve. Two things, however, must be said to the credit of this scheme. It points out (*i*) where re-organisation of the village economy should begin and (*ii*) how the existing social conditions could become progressive and equalising factors in social development. Regarding the first Mr. Tarlok Singh's proposals resemble a co-operative Tenant Farming Society. Regarding the second, he has shown that the social change could be brought about without interfering with the right of private ownership and laws of inheritance.

7. The only way, therefore, of securing the benefits of large-scale cultivation without affecting any of the social institutions and interfering with the frame work of private property is by the introduction of co-operative farming. It would spread the advantages of large-scale farming and preserve the proprietory rights of the farmer. It has, therefore, a fair chance of success in this province.

Types of Co-operative Farming and their Suitability

53. The suitability of various types of co-operative farming to different classes of lands in this Province may be indicated as follows :—

Type of Co-operative farms.	Suitable for.
1. Better Farming ...	All kinds of jirayat and bagayat lands whether under rayatwari or non-rayatwari tenure.
2. Joint Farming. ...	(*i*) All occupied lands, whether alienated or unalienated. (*ii*) Lands held by permanent tenants.

Type of Co-operative farms.	Suitable for.
	(*iii*) Lands held by protected tenants subject to the right of superior holders.
3. Tenant farming	... Lands leased or granted to a society formed for the purpose of cultivating such lands.
4. Collective farming	... Lands leased or granted to a society formed for the purpose of cultivating such lands.

54. Before suggesting what types of Co-operative farming societies are suitable for adoption in the various areas in the province it may be mentioned that the ultimate aim should be the organisation of all the agricultural lands of this province on the basis of Co-operative Joint Farming or Co-operative Collective Farming as the case may be. As the agricultural conditions throughout the province are not homogeneous, the simultaneous introduction of the above two types of co-operative farming might not be possible. In backward regions, for example, co-operative farming of a simpler type may have to be organised first, to prepare the ground for the introduction of higher types of co-operative farming. Whatever type of co-operative farming it might be expedient to begin with, the goal of Co-operative Joint Farming and Co-operative Collective farming should never be lost sight of. With this purpose in view and in the light of my experience of this province and the suggestions received from the members of the public, the following recommendations are made :—

(*i*) A province-wide drive should be launched to organise multi-purpose societies. These societies would provide a fertile ground in which the seed of co-operative farming would thrive. The transition from the present system of individual small-scale farming to co-operative large-scale farming should be effected by easy stages and the first stage of transition would be the multi-purpose society. At present, there are 271 multi-purpose societies in the province as shown below :—

Division.	No. of m.p. societies as on 30th June 1946.
Bombay	21
Ahmedabad	17
Surat	25
Poona	37
East Khandesh	3
West Khandesh	36
Satara	54
Sholapur	45
Belgaum	22
Dharwar	21
Total ...	271

(*ii*) Simultaneously with the above drive, co-operative better farming societies should be organised on an extensive scale. Co-operative joint farming societies should be started to begin with in areas where irrigated and irrigable lands are avaiable and where the people possess business efficiency and enthusiasm. My observations suggest that in the Central division, particularly in Satara, Ahmednagar, and Poona districts, there is scope for the immediate introduction of Co-operative Joint Farming. The existence of very successful Joint farming societies at Bhaktwadi and Padali in Satara district and at Karda in Poona district is a pointer in this direction. Also, in Ratnagiri district, the people showed themselves in favour of co-operative joint farming. In Gujarat and Karnatak so far as occupied lands are concerned, the people did not appear to be inclined to undertake co-operative joint farming in the present conditions. At the district meetings, it was generally expressed that Co-operative Better Farming Societies should be tried to begin with.

(*iii*) Co-operative Tenant Farming and Co-operative Collective Farming Socities should be encouraged for the cultivation of Government waste and forest lands. Areas shown in Appendix " F " as revenue forest are only forests in name. There is hardly any tree-growth on them. The forest department has classed them as non-commercial. They yield little or no revenue to Government. Selected areas of such forests may be found suitable for inclusion in co-operative schemes of Agriculture and Forestry and the Forest Department would welcome the formation of Agricultural/Foresty co-operative societies provided that these societies manage the forests according to working plans prepared by the Forest department. Co-operative Tenant and Collective farming societies should also be encouraged wherever lands could be obtained on long leases from big non-cultivating landlords, talukdars and Inamdars. In organizing Co-operative Tenant Farming and Collective Farming Societies, an emphasis should invariably be placed on the formation of the former type of societies.

55. Model bye-laws in respect of Better Farming and Joint Farming Societies are contained in the leaflets ' TT ' and ' QQ ' respectively, published by the Co-operative department. No changes are needed in the former. In the case of the latter, to the objects mentioned, the following object may be added; " (*aa*) to encourage cultivators to undertake co-operative farming by pooling their lands together ". The Registrar of Co-ooerative Societies, however, may allow such societies latitude in complying with these bye-laws so long as such latitude does not materially militate against the spirit of these bye-laws.

Provincial Co-Operative Farming Board.

56. In the plan for the agricultural development of this Province, Co-operative farming should occupy a very prominent place. The urgency of such a development was stressed at the Conference of the Ministers for Industries held in Poona on 31st July and 1st August 1946. To quote an extract from the resolution passed by the conference, " That, in view of the acute scarcity prevailing in the country, with respect to primary requirements of the people, especially food and clothing plans for economic development should centre round the farmer and agriculture ".

57. In order to organise co-operative farming and to foster its growth, there should be a separate authority possessing executive powers and provided with adequate funds at its disposal to meet the expenditure. If, on the other hand,

the matter is left to the various departments, as at present, there is bound to be delay and lack of co-ordination. Such an authority may be called, " The Provincial Co-operative Farming Board ". It should be composed of the Minister for Co-operation as its Chairman and the Minister for Agriculture and Forests, and the representatives of (*i*) the revenue, agricultural, forest, co-operative, irrigation, industries, education and public health departments, (*ii*) the Provicial Co-operative Bank, Provincial Co-operative Institute and of the unions of Co-operative farms, as members.

58. The main functions of the Provincial Board should be :—

(*a*) To determine from time to time the policy which should govern the development of co-operative farming.

(*b*) To administer the funds placed at its disposal by the Government and such other funds as—

(*i*) Sir Cusrow Wadia Trust Fund.
(*ii*) Sir David Sassoon Trust Fund.
(*iii*) Services Reconstruction Fund.

} available for agricultural research and development purposes.

(*c*) To examine the plans for the establishment of co-operative farms, submitted by the District Rural Development Boards and to decide the assistance to be granted.

(*d*) To advise Government in all matters connnected with co-operative farming.

59. In each district, there should be a co-operative farming sub-committee composed of the official and non-official members concerned of the District Rural Development Board. The Committee would examine every proposal for the establishment of a Co-operative farm and prepare in detail a development plan showing the cost of such development and the extent of the Government help required. It is essential for the proper co-ordination of the view and requirements of the various departments that there should be a joint insection of the site of the proposed co-operative farm and joint discussion for the adjustment of the details of the plan. To take an example, if there is a proposal to organise a co-operative Collective farm on a Government forest land, the representatives of the departments of agriculture, forest, public health, irrigation, etc., should jointly consider the matter and fix up the details of the plan. In the absence of such joint deliberations and mutual adjustment, there will be delay in the disposal and gaps or overlapping in the details of the development plan. The plan should then be submitted to the Provincial Board.

Co-operative Farming and Government Aid.

60. New Social systems arise and grow with the special support of the State power. Therefore, the organisation of the Co-operative farms should be given extensive help by the Government in the form of credit, equipment, organisation and agronomic services. Under the Post-War Reconstruction Scheme No. 65 administratively approved by the Government in its Resolution, Revenue Department, No. 10248/39-II, dated 22nd February 1947 the following assistance will b available to Co-operative farming societies.

(*i*) Free service of a trained secretary in the grade of Rs. 75—5/2—90 for the first three years, the society being asked to pay half the cost in the fourth year and full cost from the fifth year.

(*ii*) Loans at reasonable rate of interest, say, 3 per cent. to finance the purchase and sale of manure, seeds, agricultural produce and consumer goods required by members and

(*iii*) Free service of the Co-operative Department by way of audit and supervision.

61. To the above, I would add the following—

(*a*) A general preference to Co-operative farming societies in obtaining seed, manure, fertilizers, agricultural implements, engines, pumps, etc. at controlled or concessional rates, the extent of concession depending on merits of each case from time to time.

(*b*) Free service of Government technical departments, such as agricultural, forest, veterinary, public health, etc. in the preparation and supervision of cropping and development plans of Co-operative farms.

(*c*) Substantial initial grants.

62. In Madras, the Agricultural Land Colonisation Co-operative Societies received from Government the following financial help :—

(*i*) A contribution of Rs. 10 for each colonist.

(*ii*) A free grant from Rs. 5 to 10 per acre for manure for the first year.

(*iii*) A free grant of Rs. 2 per acre for seed for the first year.

(*iv*) Half the cost of a pair of bullocks purchased by members subject to a maximum of Rs. 250 and, for the other half, an interest-free loan repayable in 5 instalments.

(*v*) A loan of half the reclamation charges subject to a maximum of Rs. 25 per acre free of interest and repayable in 10 equal annual instalments.

(*vi*) An advance of Rs. 75 per member for the purchase of agricultural implements free of interest and repayable in 15 equal annual instalments.

(*vii*) Land revenue assessment and water cess are waived for the first five years.

(*viii*) Financial assistance for introducing cottage industries.

63. In this province, I would suggest that, in respect of (*i*) Government waste and forest lands, (*ii*) lands deteriorated by canal and tank water and (*iii*) khajan lands, granted to Co-operative farming societies, Government should bear 25 per cent. of the cost of initial development as calculated by experts in preparing development plans for such lands and, for the remaining 75 per cent, a loan free of interest and repayable by easy instalments should be advanced. In respect of other lands, Government should bear only 25 per cent. of the cost of development. Liberal grants of loans may also be made to Co-operative farming societies under the Tagai Loans Act, the Agricultural Loans Act, Remission of land revenue assessment and water rates, and financial aid for introducing Cottage Industries on Co-operative farms should also be granted.

(*d*) Free services of the Government departments concerned for the organisation of (*i*) mixed farming, (*ii*) subsidiary industries and (*iii*) marketing. The importance of these for the success of Co-operative farming is described later on.

(*e*) State aid as proposed by the Co-operative Planning Committee, viz.—

(*i*) The provision of expert staff*, (*ii*) long-term loans for buildings, permanent improvement and expensive machinery, (*iii*) intermediate term loans for the purchase of cattle and equipment and (*iv*) guarantee of the loans granted by Co-operative banks.

64. At this stage it is essential to sound a note of warning. At no stage of the development of co-operative farms any attempt should be made by Government or its officers to issue orders to the Co-operative farms in the matter of their development. Government may aid Co-operative farms in many ways, its officers may inspect and audit the working of such farms in order to point out irregularities and omissions. Nevertheless, the attitude of Government and its officers towards co-operative farms should be that of advisers and guides. Real democracy would suggest that the people should be allowed to have their way and learn by experience, even though this may not produce quick results. Then and then alone, will people show enthusiasm, initiative, sincerity and pride in their work. They should say, " We have built this farm ; we have excelled others in increasing the yield of the crop ; our cattle are better than those of others ", and so on. To achieve this, is to expose the well-springs of life so that the fountain of village life keeps on supplying ever-fresh and sparkling water.

Mixed Farming.

65. It is said that a solution of India's food and fodder problems is to be found in the adoption of the system of " mixed farming ". In such a system, to quote Dr. Wright, " the production of animal products such as milk, is carried on side by side, with the system of cropping." Sir John Russell in his report (1937) on the work of the Imperial Council of Agricultural Research observes that, " a wider introduction of fodder crops into Indian agriculture would probably effect a great improvement in yields and in the total output. More food for the animal would mean more manure and enhanced fertility of the soil. This was the prime factor in the improvement of British agriculture and the additional yields of grain more than compensated for the area taken from grain and put under fodder crops." Mixed farming would permit the cultivation of a variety of crops and thereby enable the members of co-operative farms to obtain their food at a reasonable cost. It would also obviate peak periods of labour requirements. Moreover, to depend largely or exclusively on one crop is hazardous. A bad crop or a drop in the prices of cash crops may spell ru n.

66. The success of mixed farming, however, would depend upon available irrigation. It has been already observed that only 4.16 per cent. of the cultivated land of this province is irrigated. Government should, therefore, grant to co-operative farms substantial subsidies for digging wells or setting up pumping plants in areas where such farms have to depend on the sky only. The supply of cheap electric power to pump up water from tube and other wells would go a long way in providing irrigation. The Live-Stock Expert and the Director of Veterinary Services could give substantial help in respect of poultry and dairy farms and cattle-breeding on co-operative farms.

Subsidiary Industries.

67. It is an established fact that except in irrigated areas, agriculture in India hardly provides employment to the cultivators for six months in a year. There is thus an enormous waste of the available labour in rural areas. This

* pp. 31 and 32 of the Report.

unemployment applies not only to farm labourers but also to many so-called full time farmers. It is of two kinds. The first is that which occurs in slack seasons in practically all the farming areas. The second kind is of a chronic type. Over enormous areas persons follow farming as a " mode of life " on an extremely low pressure basis. In co-operative farms, on account of the scope it permits for the rationalisation of agriculture and the use of labour-saving machinery, the danger of unemployment is likely to be more. It is, therefore, necessary to organise Cottage and subsidiary industries on co-operative farms. Such industries may enable the farms to become self-sufficient and (*i*) absorb more members, (*ii*) provide work to members who are otherwise not fit for agricultural tasks or who are enthusiastic and adapted to non-agricultural pursuits, (*iii*) provide employment during slack agricultural periods, (*iv*) supplement the income from the farm which may not be enough to maintain all the members.

68. The Cottage Industries Section of the Co-operative Department could give to the co-operative farms a great help in organising Cottage and subsidiary industries. Peripatetic demonstration parties should be sent to co-operative farms to teach the members various arts and crafts. Government should sanction grants-in-aid or subsidies to such industries. Every co-operative farm should be affiliated to the central co-operative bank of the district which could advance to the farm short-term and intermediate term loans.

69. The agricultural and animal produce from the farms would go through many processes before it reaches the consumer. Therefore, the aim in organising subsidiary and Cottage industries should be to perform on the farm as many of these processes as possible. This will bring about the much needed decentralization of industries and solve many problems of industrial labour. Spinning and weaving are very simple cottage industries. Spinning could be easily done at all times by any person, man or woman, young or old. One of the anxities of cultivators is to provide for the payment of land revenue and other Goverment dues. If Government would accept its dues in the form of specified kinds of yarn, the cultivators would use their leisure and or low pressure periods to spin such yarn.

Marketing.

70. There can not be the least doubt that the success of co-operative farming would depend on the development of co-operative marketing. The advantages of co-operative marketing for the sale and purchase of the agriculturists' produce and requirements hardly need to be elaborated. Just as the credit activities of co-operative farming societies should be linked up with central co-operative banks, their sale and purchase activities should also be linked up with co-operative marketing organizations. The primary village co-operative farming societies should form themselves into marketing unions, which, in their turn, will form a federation. Such marketing organisation are not new to this province, which has been a pioneer in organising co-operative marketing societies in India. The Cotton Sale societies of Gujarat and Karnatak occupy at present the place of pride in co-operative marketing. At the end of 1941–42 there were 110 sale societies.

Propaganda.

71. The persons I met at the district meetings empahasised that without intensive propaganda amongst the cultivators, co-operative farming would not become popular. The need for such a propaganda has also been stressed by some of

those who have replied to my demi-official letters. The co-operative department is the proper agency to devise and undertake a suitable manner for such propaganda. The following ways are, however, suggested :—

(*a*) to organise in each district one or two co-operative farms of each type, to serve as demonstration centres.

(*b*) to give wide publicity in the press and by leaflets regarding the details of successful co-operative farms.

(*c*) to introduce lessons on co-operative farming in the text books used in primary and secondary schools.

(*d*) to arrange for visit of farmers and school boys to successful co-operative farms.

(*e*) to enlist the help as honorary organisers of non-official public workers in whom people have confidence, and

(*f*) to arrange for radio talks and co-operative weeks.

Co-operative Farming and Irrigation.

72. One of the ways in which Government can help the formation of co-operative farming societies is to give preference to such societies in the distribution of canal and tank water. It has been already seen that mixed farming is essential for the success of co-operative farming. Mixed farming is easier and its success assured in areas where cultivators have not to depend on rain alone.

73. The following statement gives information about irrigated areas in the province of Bombay in 1935–36* :—

	Now Irrigation tanks and canals.	Other tanks and canals.	Wells.	Other sources.	Total.
	Acres.	Acres.	Acres.	Acres.	Acres.
Gujerat	14,075	6,429	78,729	2,247	1,01,480
Deccan	2,09,194	99,621	54,625	4,456	8,59,896
Karnatak	13,380	92,426	87,015	6,783	1,99,604
Konkan	.....	24,584	19,998	14,916	59,498
Total ...	2,36,649	2,23,060	7,32,367	28,402	12,20,478

Of the total irrigated area of 12,20,478 acres an area of 4,59,709 acres is irrigated by tanks and canals. The other sources which irrigate 28,402 acres of land will presumably be pats, bandharas, etc.

* *Vide* statement II, Appendix II Report of the Irrigation Inquiry Committee, Bombay.

74. Co-operative farming societies should be given the first priority of getting water from Irrigation tanks and canals for irrigating lands of the co-operative farms. Such a course of action will not only encourage the formation of the co-operative farming societies in the irrigation tract but also ensure economy in the use of water and prevent a large area of fertile soil from being damaged by excessive irrigation. The extent of the area damaged by water-logging and salt-efflorescence in 1936–37 and 1943–44 was 58,950 acres and 75,353 acres respectively. The figures for 1936–37 have been taken from the report of the Irrigation Inquiry Committee. Details of the figures for the year 1943–44 are given at Appendix "E". Following is an abstract of these details :—

	No. of villages	Area.
Central Division	255	75,321
Southern Division	3	32
Total ...	258	75,353

Thus, it is seen that, the area of land damaged by irrigation water has increased by 16,403 acres, i.e., by 27 per cent. during a period of 7 to 8 years.

75. One of the causes for bringing about this damage to the irrigated lands has been the mistaken belief on the part of the cultivators that excessive watering makes up for not getting water as early as they would like it*. Co-operative farming societies working under the direction of an expert manager will surely not indulge in such wasteful practices. It is not always the case that all the areas under the command of either a canal or a tank are actually irrigated, the extent of actual area irrigated depending on the storage capacity of a tank or a reservoir concerned. Even in the area actually irrigated a part of it is under perennial irrigation and a part under seasonal irrigation. If Government decides to give preference for water to co-operative farming societies formed in the area under the command of a canal or a tank, the cultivators owning lands getting no irrigation at present or getting only seasonal or perennial irrigation may all hasten to form co-operative farming societies either to acquire or to retain the advantages of irrigation. There is hardly any need to emphasise that if water available for irrigation from tanks and canals is distributed through co-operative farming societies, the area under irrigation will increase as a result of the economical use of water and many administrative problems would become more easy and simple.

76. At the Satara conference with leading co-operators, landlords and cultivators, a suggestion was made that if a whole canal or some of its distributories were to be entrusted to the management of co-operative farming societies or their unions, people would come forward to form themselves into co-operative societies. Shri Bhaurao Patil actually offered to take over the Krishna canal and organize co-operative farming societies in the area under the command of the canal. Government may consider the question of entrusting to the people the distribution of irrigation water, the technical work of repairs to and maintenance of canals and tanks being managed by the P. W. D.

Prices.

77. If Co-operative farming is to be a success, serious consideration should be paid to the question of prices of agricultural products. Before the outbreak of

*See paragraph 10, page 8 of the Technical paper No. 49 Development of irrigation in Deccan canal areas.

the World War II, the cultivation of lands, even with irrigation, was hardly a profitable concern. The rise in prices of agricultural products during the period of the war has undoubtedly given a great fillip to agriculture. But if history is to repeat itself, the present high prices may fall in the near future and follow the same trend as in the years from 1924 to 1929.

78. The development of co-operative farming would not take place unless the cultivation of land becomes a more paying business, and all engaged in the business feel assured that it would be made so. Neither of these conditions are likely to be satisfied unless Government adopts a policy of stabilising the prices of agricultural produce. The importance of the price factor can be appreciated from the following passage from the evidence recorded by the Famine Relief Inquiry Commission.

"After four years of strenuous effort, the movement in one district was pulsating with life the approach had been mainly agricultural—the provision of good seed and water facilities. The people who had avoided co-operatives were clamouring for them to be started in their villages and we were refusing applications every day. Then came the crash in prices. The work of years was undone in as many weeks. The old feeling of helplessness and hopelessness returned; it was no use fighting against fate; all this talk of increased production was but a device to bring down prices. The collapse was—or at least appeared to us then to be—complete. Realizing that we had tried to build an arch and neglected the keystone, we took up the question of a minimum price for sugarcane. After years of struggle, that became an accomplished fact. On this basis, utilising the earlier foundations we built again; the co-operative cane marketing societies are the finest examples of co-operative effort and success in India. In these societies we linked up credit with farming on the one hand and marketing on the other. But the whole structure would collapse if there were no minimum price for cane. Given price stability, much can be done by linking up credit, agricultural improvements and marketing so as to supply the facilities needed for agriculture; whether water or manure or seed or machinery or organization. Without it we are building on sand". The principle involved has been accepted by the United Nations conference on Food and Agriculture (93).

79. I am, therefore, of the opinion that for encouraging co-operative farming and ensuring sustained efforts in its pursuit Government should guarantee the minimum prices of the agricultural produce grown on Co-operative farms. The suggestion to fix the minimum prices of such produce was endorsed by all the people I met in various districts. It may not be possible and even advisable for Government to guarantee the minimum prices of all the agricultural produce grown on collective farms. But in order to stimulate co-operative farming, the minimum prices of at least some of the agricultural produce of these farms should be guaranteed. In deciding the proportion of the produce for which minimum prices should be guaranteed we have a guide in the present levy system. It is suggested that the minimum prices should be guaranteed for as much quantities of rice, wheat, jawar and bajri, grown on the co-operative farms as would be leviable under the levy rules.

80. Grains collected by Government from Co-operative farms at minimum prices could be used as a reserve with Government to prevent a breakdown in the machinery of procurement, price policy and as a complement to more vigourous administrative action in other fields. The Famine Commission has recommended that the Central Government should have in their hands, at all times, stocks sufficient to ensure that they are in a position to meet an emergency. The Food-

grains Policy Committee has recommended a creation of a central food-grains reserve of not less than 5 lakhs of tons. The knowledge that the centre has a reserve would prove of great value in preventing panic and maintaining public morale. If India as a whole should have such a reserve, it is much more necessary for a deficit Province like Bombay to possess such a reserve. The reserve of food-grains that the Government of Bombay may build up in this way will serve as a buffer against an impact of famine, scarcity or general shortage of food grains on account of bad rainfall. Since 1940 the Government has constructed all over the province a number of godowns which may become surplus to the needs of Government when rationing will come to an end. These godowns will come very handy in building up foodgrain reserves.

Tenancy Act, 1939, and Co-operative Farming.

81. Co-operative farming by owners of land or by permanent tenants or protected tenants, would take the form of either a Co-operative Better Farming Society or Co-operative Joint Farming Society. One of the essentials of a Co-operative Joint Farming Society is pooling of land of the members of the society.

82. In respect of protected tenants, however, the landlord has a right under section 7 of the Tenancy Act, 1939 to determine protected tenancy under certain circumstances. In order to promote Co-operative Joint Farming Societies of the protected tenants it is necessary to provide that the fields pooled by such tenants continue to be with the society. The landlords' right under section 7 to determine the tenancy for cultivating land personally, therefore, needs to be further curtailed. The landlord may determine the tenancy provided he joins the society in the place of his displaced tenant.

83. Rent payable by a protected tenant is indicated in section 5 (*1*) of the Act. If such a rent or any part of it is fixed in kind, it may be difficult to ascertain it exactly in respect of lands pooled together under the management of a Co-operative Joint Farming Society. It will be necessary, therefore, to apply the provisions of section 15-A of the Act to all lands comprised in Joint Co-operative Farms.

84. The extension of the provisions of section 15-A of the Act to Talukadari lands was suggested at the Ahmedabad district meeting, in order to bring such lands under co-operative farming.

Co-operative Farming and Ex-servicemen.

85. The Services Post War Reconstruction Fund Committee, Bombay, has adopted joint or co-operative farming as one direction for expenditure from the fund. The amount of money available in this fund is over 48 lakhs of rupees plus interest to be spent (capital and interest) in 25/30 years. The fund is not to be used for measures which Government would anyhow take for the benefit of the public. The Commissioner, Central Division, and Secretary Post-War Service, Reconstruction Fund Committee, asked me to suggest the directions in which help from the fund could be given to ex-servicemen included in schemes of co-operative farming. I have incorporated my suggestions in the report so that they could be better appreciated in the light of the agricultural conditions of this province and my recommendations regarding co-operative farming.

86. The chief characteristics of this fund are :—

(*i*) The provincial share of this fund is to be administered by the province under the provisions of the Charitable Endowments Act.

(*ii*) Its administration under the Charitable Endowments Act will not operate as a bar to the corpus of the fund being expended,

(*iii*) Schemes eligible for assistance from the fund are—

(*a*) Scholarships and stipends.

(*b*) Provision of amenity buildings, libraries, etc.

(*c*) Special measures for the health of soldiers' families.

(*d*) Co-operative Workshops.

(*e*) Co-operative buildings.

(*f*) Purchase of agricultural implements, bullocks etc. in connection with co-operative farming.

(*g*) Special technical training facilities e.g. for tanners, weavers, etc. and

(*h*) Grants in connection with group schemes of rural housing for the benefit of and to be carried out by the ex-servicemen personnel.

87. As the fund is not to be used for measures which Government would anyhow take for the benefit of the public the schemes at (*a*), (*b*), (*c*) and (*g*) above will not require any assistance out of the fund. The demand for schemes at (*d*), (*e*) and (*h*) will be negligible. The Registrar of Co-operative Societies [in his No. M.S. C. (W) 44 of 17th August 1946] had asked for a lump sum allotment of Rs. 2 lakhs only for promoting schemes already formulated or which might be formulated in future. They are, (*i*) Industrial Associations and Induscos, (*ii*) Better farming societies, (*iii*) Co-operative Workshops, (*iv*) Civil construction Co-operatives, and (*v*) Rural housing designed to benefit ex-service personnel. The bulk of this fund would thus evidently be available for expenditure on co-operative farming.

88. It will not be out of place here to point out the great part which could be played by ex-servicemen in the extension of Co-operative farming in this province, particularly in the heavily recruited districts. Every soldier, sailor and airman during his stay in the forces had been prepared, according to a plan, to return to civil life as a better citizen. They were educated throughout the period of their service. One of the objects was to make every man literate in his vernacular before he left the services. Instructions were given in co-operation and in other subjects which contribute to social uplift. Every man before his release had undergone a short course in health, hygiene and sanitation as applicable to village life. At every Regimental Training Centre and in certain bigger stations small agricultural demonstration plots were maintained in order to show to the men what could be done by the proper use of irrigation, manure and improved varieties of seed. Instructions in subjects like vegetables and fruit gardening, animal husbandry and counter-erosion measures were also given. Their interest in cottage industries was awakened by showing them that they could really do something with their hands. The subjects covered were handloom weaving, carpentry, tin-smithy, etc. Some of the men were able to receive some technical training as well.

89. In view of this training and their experience in the Forces, ex-servicemen are potentially highly useful citizens. They have learned in the service the value

and the meaning of co-operation; they have learned to a very great degree toleration and the meaning of the word discipline. These very valuable characteristics with which ex-servicemen are endowed are invaluable assets in any programme of economic or social development. No efforts should, therefore, be spared in enlisting their help as members of co-operative farms.

90. At the same time, however, no attempts should be made to segregate the ex-servicemen from the rest of the villagers. To do so, is to deny to others the benefits of the experience and qualities of leadership of the ex-servicemen, neither is it desirable in the interest of the ex-servicemen. Modern life is so complicated and our interests are so inter-dependent that it is impossible for ex-servicemen to lead a life of peaceful seclusion. Except in few villages, they form a very negligible portion of the population. The result of conferring a small number of economic benefits exclusively on certain people would be the creation of a privileged class, which inavriably gives rise to jealousy, bickering and even serious enmity. India has had enough of such classes and groups within groups. It is high time that every ex-serviceman considers that he should be as much the object of care by his Government as any other citizen. Any scheme, therefore, intended purely for ex-servicemen should, as far as possible, be discouraged. Ex-servicemen should be encouraged to join freely with their fellow villagers in all economic and social enterprise. They sho ld realise that their well-being is inseparably linked with that of their other fellow villagers. In this way alone can they make India what they were fighting for—a land of peace and hapiness.

91. In this province ex-servicemen are to be found in large numbers in Satara, Ratnagiri, Belgaum, Ahmednagar, Kolaba, Poona, Bijapur and Sholapur districts, where there are large areas of Government waste and forest lands in compact blocks of 100 acres and more as shown in Appendix 'F'. Nearly 80 per cent. of the ex-servicemen of this province are in the villages and are agriculturists. Before they enlisted in the Armed Forces, they were either agriculturists or agricultural labourers. Those who were agricuturists either owned tiny holdings or were farming as tenants. Agricuture is, today, as it was before the war, their main-stay. I would, therefore, suggest that these blocks of Government waste and forest lands should be given for cultivation to the co-operative societies whose membership would include both ex-servicemen and other agriculturists. Liberal grants out of the Services Post War Reconstruction Fund should be made for the development of such lands, for the purchase of agricultural equipment, manure, seed. Ex-servicemen should also be encouraged to join with others in pooling their holdings in order to form Co-operative Joint Farming Societies. The extent of Government aid and the ultimate aim of co-operative farming have been already indicated. However, in the cae of co-operative farms with a large number of ex-servicemen, in the place of loans either free of interest or at low rates of interest, free grants may be made out of the Reconstruction Fund.

92. As nearly a 80 per cent. of the ex-servicemen are agriculturists, a similar percentage of the Fund should be earmarked for expenditure on co-operative farming. I have suggested before, that there should be a "Provincial Co-operative Farming Board" in order to organise and co-ordinate activities connected with co-operative farming. I would suggest that the portion of the Fund earmarked for co-operative farming should be placed at the disposal of this Board or expended on the recommendations of the Board. A representative of the Fund committee may be nominated as a member of the Board in order to watch the interests of ex-servicemen.

APPENDICES

APPENDIX A.

Holdings.	Northern Division. 1904–05	1916–17	1921–22	Central Division. 1904–05	1916–17
Under and up to five acres ...	2,19,519	3,09,884	3,33,411	62,129	3,42,089
Over 5 and up to 25 acres ...	1,62,437	1,45,442	1,43,920	2,32,592	4,11,795
Over 25 and up to 100 acres ...	28,914	24,183	23,569	1,73,775	1,46,551
Over 100 and up to 500 acres ...	2,179	2,969	2,747	19,148	12,148
Over 500 acres ...	129	249	260	250	428
Total ...	4,13,178	4,82,727	5,03,907	4,87,894	9,13,809

Holdings.	Central Division—*contd.* 1921–22	Southern Division. 1904–05	1916–17	1921–22.
Under and up to five acres ...	3,50,428	1,11,466	2,71,209	2,84,886
Over 5 and up to 25 acres ...	4,26,883	1,68,884	2,40,835	2,43,203
Over 25 and up to 100 acres ...	1,50,546	82,092	66,107	61,839
Over 100 and up to 500 acres ...	12,861	8,362	7,578	6,815
Over 500 acres ...	469	326	406	289
Total ...	9,31,187	3,71,187	3,71,130	5,97,032

Occupied assessed land in 1904-05—4,09,42,238 acres
Occupied assessed land in 1916-17—4,25,08,488 acres.
Occupied assessed land in 1921-22—3,26,53,443 acres (presidency Sind).

APPENDIX B

Page 257 of the Final Report of the Famine Inquiry Commission, 1945.

16. The following figures relate to the year 1936-37 :—

Classification of holdings.	Number in millions.	Percentage of total.	Area in million acres.	Percentage of total.
Upto 5 acres	1·13	49	2·54	9·5
Between 5 and 15 acres	0·67	29	6·10	22·8
Between 15 and 25 acres	0·25	11	4·74	17·7
Between 25 and 100 acres	0·22	10	9·23	34·4
Over 100 acres	0·02	1	4·17	15·6
Total ...	2·29	100	26·78	100

APPENDIX C.

Northern Division.

AHMEDABAD.

Detail of holdings.	No. of persons.	Area held.	Percentage of		Less than cummulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	47,074	104,783	55·43	13·19	55·43	13·19
Over 5 & up to 15 acres ...	25,675	204,160	30·23	25·70	85·66	38·89
„ 15 „ „ 25 „ ...	6,294	117,865	7·41	14·84	93·07	53·73
„ 25 „ „ 100 „ ...	5,350	209,043	6·30	26·43	99·37	80·16
„ 100 „ „ 500 „ ...	492	103,201	0·58	12·99	99·95	93·15
„ 500 acres ...	41	54,484	0·05	6·85	100·00	100·00
Total ...	84,926	794,441	100·00	100·00		

KAIRA.

Detail of holdings.	No. of persons.	Area held.	Percentage of		Less th n ommulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	128,659	238,928	76·16	30·57	76·16	30·57
Over 5 & up to 15 acres ...	25,546	252,210	15·12	32·27	91·28	62·84
„ 15 „ „ 25 „ ...	5,388	92,938	3·19	11·89	94·47	74·73
„ 25 „ „ 100 „ ...	9,038	123,744	5·35	15·83	99·82	90·56
„ 100 „ „ 500 „ ...	270	45,693	0·16	5·85	99·98	96·41
„ 500 acres ...	32	28,101	0·02	3·59	100·00	100·00
Total ...	168,933	781,614	100·00	100·00		

APPENDIX C—*contd.*

Northern Division—contd.

SURAT.

Detail of holdings.	No. of persons.	Area held.	Percentage of		Less than cummulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	80,779	158,177	68·87	21·33	68·87	21·33
Over 5 & up to 15 acres ...	25,933	211,234	22·11	28·49	90·98	49·82
„ 15 „ „ 25 „ ...	5,843	108,936	4·98	14·69	95·96	64·51
„ 25 „ „ 100 „ ...	4,230	161,529	3·61	21·79	99·57	86·30
„ 100 „ „ 500 „ ...	489	85,549	0·41	11·54	99·98	97·84
„ 500 acres ...	24	15,999	0·02	2·16	100·00	100·00
Total ...	117,298	741,424	100·0	100·0		

BROACH AND PANCH MAHALS.

Detail of holdings.	No. of persons.	Area held.	Percentage of		Less than cummulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
	2	3	4	5	6	7
Up to 5 acres ...	54,423	131,331	54·30	13·50	54·30	13·50
Over 5 & up to 15 acres ...	30,259	276,440	30·20	28·30	84·50	41·80
„ 15 „ „ 25 „ ...	8,368	159,877	8·3	16·4	92·8	58·2
„ 25 „ „ 100 „ ...	6,635	281,989	6·6	28·9	99·4	87·1
„ 100 „ „ 500 „ ...	588	100,564	0·6	10·3	100·0	87·4
„ 500 acres	24	25,841	0·0	2·6	100·0	100·0
Total ...	100,297	976,042	100·00	100:00		

APPENDIX C—*contd.*

Northern Division—concld.

THANA.

Detail of holdings.	No. of persons.	Area held.	Percentage of		Less than cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	59,413	114,940	69·1	12·8	69·1	12·8
Over 5 and up to 15 acres ...	14,046	123,583	16·3	13·7	85·4	26·5
„ 15 „ „ 25 „ ...	5,067	87,277	5·9	9·7	91·3	36·2
„ 25 „ „ 100 „ ...	5,893	216,909	6·9	24·1	98·2	60·3
„ 100 „ „ 500 „ ...	1,381	221,790	1·6	24·7	99·8	85·0
„ 500 acres ...	138	134,300	0·2	15·0	100·0	100·0
Total ...	85,938	898,799				

BOMBAY SUBURBAN DISTRICT.

Detail of holdings.	No. of persons.	Area held.	Percentage of		Less than cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	4,144	4,159	91·8	37·4	91·8	37·4
Over 5 and up to 15 acres ...	207	1,794	4·6	16·1	96·4	53·5
„ 15 „ „ 25 „ ...	97	1,187	2·1	10·7	98·5	64·2
„ 25 „ „ 100 „ ...	61	2,026	1·4	18·2	99·9	82·4
„ 100 „ „ 500 „ ...	6	1,959	0·1	17·6	100·0	100·0
„ 500 acres ...	.....	.....	...	...	...	...
Total ...	4,515	11,125				

APPENDIX C—*contd.*

Central Division.

AHMEDNAGAR.

Detail of holdings.	No. of persons.	Area held.	Percentage of		Less than cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	48,188	117,436	29·1	4·3	29·1	4·3
Over 5 and up to 15 acres...	59,005	553,671	35·6	20·1	64·7	24·4
„ 15 „ „ 25 „ ...	27,782	537,787	16·8	19·6	81·5	44·0
„ 25 „ „ 100 „ ...	28,167	1,171,080	17·0	42·6	98·5	86·6
„ 100 „ „ 500 „ ...	2,488	336,977	1·5	12·3	100·0	98·9
Over 500 acres ...	37	32,370	0·0	1·1	100·0	100·0
Total ...	165,667	2,749,321	100·0	100·0		

EAST KHANDESH.

Detail of holdings.	No. of persons.	Area held.	Percentage of		Less than cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	63,723	203,504	42·3	10·5	42·3	10·5
Over 5 and up to 15 acres...	55,103	540,579	36·6	27·9	78·9	38·4
„ 15 „ „ 25 „ ...	16,934	344,791	11·2	17·8	90·1	56·2
„ 25 „ „ 100 „ ...	13,553	586,850	9·0	30·3	99·1	86·5
„ 100 „ „ 500 „ ...	1,282	212,818	0·9	11·1	100·0	97·6
Over 500 acres ...	57	.....	0·0	2·4	100·0	100·0
Total ...	150,657	1,934,147	100·0	100·0		

APPENDIX C—*contd.*

Central Division—contd.

WEST KHANDESH.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than cumulative percentage.	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	14,802	45,282	20·6	3·0	20·6	3·0
Over 5 and up to 15 acres...	27,832	279,924	38·7	18·8	59·3	21·8
„ 15 „ „ 25 „ ...	14,240	275,743	19·8	18·5	79·1	40·3
„ 25 „ „ 100 „ ...	13,923	601,662	19·3	40·4	98·4	80·7
„ 100 „ „ 500 „ ...	1,099	227,148	1·5	15·2	99·9	95·9
Over 500 acres ...	63	80,496	0·1	4·1	100·0	100·0
Total ...	71,959	1,490,658	100·0	100·0	.....	.....

NASIK.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than cumulative percentage.	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	51,833	134,960	34·7	6·0	34·7	6·0
Over 5 and up to 15 acres.	52,929	465,327	35·5	20·8	70·2	26·8
„ 15 „ „ 25 „ ...	21,810	422,525	14·6	18·8	84·8	45·6
„ 25 „ „ 100 „ ...	12,124	881,773	14·2	39·3	99·0	84·9
„ 100 „ „ 500 „ ...	1,473	256,684	1·0	11·4	100·0	96·3
Over 500 acres	81	83,464	0·0	3·7	100·0	100·0
Total ...	149,250	2,244,733	100·0	100·0	.....	.....

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APPENDIX C—*contd.*

Central Division—concld.

SHOLAPUR.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than cumulative percentage.	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	27,011	66,525	23·8	2·8	23·8	2·8
Over 5 and up to 15 acres.	36,540	354,732	32·3	15·2	56·1	18·0
„ 15 „ „ 25 „ ...	22,067	432,391	19·5	18·5	75·6	36·5
„ 25 „ „ 100 „ ...	25,158	1,078,281	22·2	46·1	97·8	82·6
„ 100 „ „ 500 „ ...	2,436	370,062	2·2	15·8	100·0	98·4
Over 500 acres ...	47	39,248	0·0	1·6	100·0	100·0
Total ...	1,13,259	2,341,239	100·0	100·0	.....	.....

SATARA.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than cumulative percentage.	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	138,483	306,005	60·3	17·6	60·3	17·6
Over 5 and up to 15 acres	61,429	523,792	26·8	30·1	87·1	47·7
„ 15 „ „ 25 „ ...	17,065	315,622	7·4	18·2	94·5	65·9
„ 25 „ „ 100 „ ...	12,201	500,068	5·3	28·8	99·8	94·7
„ 100 „ „ 500 „ ...	526	81,312	0·2	4·7	100·0	99·4
Over 500 acres ...	14	11,534	0·0	0·6	100·0	100·0
Total ...	229,718	1,738,333	100·0	100·0	.....	.....

POONA.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than cumulative percentage.	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	83,900	216,851	46·0	10·1	46·0	10·1
Over 5 and up to 15 acres.	55,849	540,383	30·6	25·1	76·6	35·2
„ 15 „ „ 25 „ ...	21,984	433,283	12·1	20·1	88·7	55·3
„ 25 „ „ 100 „ ...	19,152	776,030	10·5	36·0	99·2	91·3
„ 100 „ „ 500 „ ...	1,426	163,585	0·8	7·6	100·0	98·9
Over 500 acres ...	56	25,281	0·0	1·1	100·0	100·0
Total ...	182,367	2,155,413	100·0	100·0	.....	.....

APPENDIX C—*contd.*

Southern Division.

BELGAUM.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than Cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	82,632	100,214	52·5	12·0	52·5	12·0
Over 5 and up to 15 acres	48,675	425,882	30·9	26·9	83·4	38·9
„ 15 „ „ 25 „	14,298	286,254	9·1	18·2	92·5	57·1
„ 25 „ „ 100 „	10,990	446,804	7·0	28·2	99·5	85·3
„ 100 „ „ 500 „	883	157,198	0·5	9·9	100·0	95·2
„ 500 acres ...	60	76,511	0·0	4·8	100·0	100·0
Total ...	157,538	1,582,863	100·0	100·0		

BIJAPUR.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than Cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	34,595	110,514	24·7	3·9	24·7	3·9
Over 5 and up to 15 acres	47,457	472,657	33·9	16·6	58·6	20·5
„ 15 „ „ 25 „	27,171	528,493	19·4	18·6	78·0	39·1
„ 25 „ „ 100	28,222	1,179,355	20·1	41·4	98·1	80·5
„ 100 „ „ 500 „	2,548	419,014	1·8	14·7	99·9	95·2
„ 500 acres ...	103	136,929	0·1	4·8	100·0	100·0
Total ...	140,096	2,846,962	100·0	100·0		

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APPENDIX C—*contd.*

Southern Division—contd.

KANARA.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than Cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	35,086	47,700	72·3	14·7	72·3	14·7
Over 5 and up to 15 acres	8,631	78,011	17·8	24·0	90·1	38·7
„ 15 „ „ 25 „	2,434	43,338	5·0	13·4	95·1	52·1
„ 25 „ „ 100 „	2,078	90,717	4·3	28·0	99·4	80·1
„ 100 „ „ 500 „	280	55,326	0·6	17·1	100·0	97·2
„ 500 acres ...	11	9,365	0·0	2·8	100·0	100·0
Total ...	48,520	324,457	100·0	100·0		

KOLABA.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than Cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	44,729	71,729	71·5	16·8	71·5	16·8
Over 5 and up to 15 acres	10,534	79,637	16·8	18·7	88·3	35·5
„ 15 „ „ 25 „	3,683	47,213	5·9	11·1	94·2	46·6
„ 25 „ „ 100 „	2,998	105,346	4·8	24·7	99·0	71·3
„ 100 „ „ 500 „	639	87,600	1·0	20·6	100·0	91·9
„ 500 acres ...	7	34,301	0·0	8·1	100·0	100·0
Total ...	62,590	425,834	100·0	100·0		

APPENDIX C—*concld.*

Southern Division—concld.

DHARWAR.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than Cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	65,272	198,073	37·6	8·9	37·6	8·9
Over 5 and up to 15 acres	66,807	603,617	38·5	27·6	76·1	36·5
„ 15 „ „ 25 „	23,859	424,075	13·7	19·2	89·8	55·7
„ 25 „ „ 100 „	16,133	661,335	9·3	29·9	99·1	85·6
„ 100 „ „ 500 „	1,401	243,178	0·8	11·0	99·9	96·6
„ 500 acres ...	99	76,286	0·1	3·4	100·0	100·0
Total	173,561	2,212,544	100·0	100·0		

RATNAGIRI.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than Cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
1	2	3	4	5	6	7
Up to 5 acres ...	63,184	79,518	78·2	18·9	78·2	18·9
Over 5 and up to 15 acres	11,031	94,031	13·7	22·4	91·9	41·3
„ 15 „ „ 25 „	3,295	62,428	4·1	14·9	96·0	56·2
„ 25 „ „ 100 „	2,938	126,281	3·6	30·0	99·6	86·2
„ 100 „ „ 500 „	321	82,432	0·4	12·5	100·0	98·7
„ 500 acres ...	6	5,524	0·0	1·3	100·0	100·0
Total ...	80,775	420,274	100·0	100·0		

BOMBAY PROVINCE.

Details of holdings.	No. of persons.	Area held.	Percentage of		Less than Cumulative percentage of	
			No. of persons.	Area held.	No. of persons.	Area held.
Up to 5 acres ...	1,128,732	2,543,339	49·26	9·50	49·26	9·50
Over 5 and up to 15 acres	670,894	6,100,358	29·28	22·78	78·54	32·28
„ 15 „ „ 25 „	248,260	4,733,202	10·83	17·67	89·37	49·95
„ 25 „ „ 100 „	222,419	9,232,859	9·71	34·48	99·08	84·43
„ 100 „ „ 500 „	20,194	3,251,894	0·88	12·14	99·96	96·57
„ 500 acres ...	916	919,136	0·04	3·43	100·0	100·0
Total ...	2,291,415	26,780,788	100·0	100·0		

APPENDIX D.

Quinquennial Statement of Holdings in Government Rayatwari Area, Northern Division, for the year 1942–43.

Magnitude groups.	CLASS A.			CLASS B			CLASS C		
	No. of persons.	Area held. Khalsa.	Inam.	No. of persons.	Area held Khalsa	Inam.	No. of persons.	Area held. Khalsa	Inam.
1. Up to 5 acres ...	301,630	446,451	152,282	5,927	11,070	4,709	70,379	125,518	71,781
2. Over 5 and up to 15 acres ...	92,546	666,460	136,026	2,953	19,718	5,960	29,943	162,848	91,940
3. Over 15 and up to 25 acres ...	22,477	352,625	64,561	896	14,298	3,123	7,826	109,266	47,990
4. Over 25 and up to 100 acres	14,541	463,944	83,453	1,115	44,745	5,981	8,190	278,579	82,815
5. Over 100 and up to 500 acres	839	108,125	20,243	256	40,369	3,942	1,947	337,620	54,416
6. Over 500 acres ...	15	6,282	4,399	9	4,493	5,274	191	138,025	52,194
Total ...	432,048	2,043,987	460,964	11,156	134,693	28,989	118,476	1,151,856	401,136
Total of holdings within the Division Class A ...	432,048	2,043,987	460,964						
Class B ...	11,156	134,693	28,989						
Class C ...	118,476	1,151,856	401,136						
Total ...	561,680	3,330,536	891,089						
Add area within Division of plural holdings extending beyond division ...	.....	3,022	461						
Grand total ...	561,680	3,333,558	891,550						

APPENDIX D—*contd.*

Quinquennial Statement of Holdings in Government Rayatwari Area in the districts of the Central Division for 1942–43.

Magnitude groups.	CLASS A.			CLASS B.			CLASS C.		
	No. of persons.	Area held.		No. of persons.	Area held.		No. of persons.	Area held.	
		Khalsa.	Inam.		Khalsa.	Inam.		Khalsa.	Inam.
1	2	3	4	5	6	7	8	9	10
1. Up to 5 acres ...	3,70,199	8,83,976	1,99,366	12,192	30,294	5,193	88,605	1,87,771	1,30,129
2. Over 5 and up to 15 acres ...	2,80,336	23,94,372	1,95,287	10,297	93,245	7,892.	72,256	5,87,313	1,19,612
3. Over 15 and up to 25 acres ...	1,17,966	20,39,713	1,11,455	5,205	98,873	5,734	28,412	4,99,796	86,86,172
4. Over 25 and up to 100 acres...	1,04,907	37,92,850	1,58,342	5,015	2,27,454	11,737	25,428	8,93,656	1,89,299
5. Over 100 and up to 500 acres.	5,639	6,38,132	33,063	957	2,19,609	7,356	3,479	5,12,456	1,12,146
6. Over 500 acres	35	12,127	1,586	17	24,727	306	242	2,32,396	54,077
	8,79,082	97,67,170	6,99,099	33 683	6,94,202	38,218	2,18,422	30,13,388	6,91,435
Total of holdings within the Division—									
Class A ...	8,79,082	97,67,170	6,99,099						
Class B ...	33,683	6,94,202	38,218						
Class C ...	2,18,422	30,13,388	6,91,435						
Total ...	11,31,187	1,34,74,760	14,28,752						

APPENDIX D—*concld.*

Quinquennial Statement of Holdings in Government Rayatwari Area in the Southern Division, Belgaum, for the year 1942-43.

Details of holdings.	CLASS A.			CLASS B.			CLASS C.		
	No. of persons.	Area held.		No. of persons.	Area held.		No. of persons.	Area held.	
		Khalsa.	Inam.		Khalsa.	Inam.		Khalsa.	Inam.
1. Up to 5 acres ...	2,53,675	4,40,949	1,35,777	7,933	17,311	5,903	81,949	1,54,614	57,342
2. Over 5 and up to 15 acres ...	1,35,550	10,16,952	1,80,383	6,951	45,600	12,789	55,823	4,05,027	1,63,903
3. Over 15 and up to 25 acres ...	48,582	8,21,207	1,38,903	3,555	42,354	13,231	23,835	3,58,683	1,60,358
4. Over 25 and up to 100 acres.	36,035	10,85,671	2,41,370	2,987	90,720	21,633	19,859	6,41,075	3,33,490
5. Over 100 acres and up to 500 acres.	2,492	2,74,178	97,035	322	63,494	17,593	13,531	4,51,107	1,60,466
6. Over 500 acres ...	45	10,265	5,758	15	6,474	6,482	169	77,015	70,579
Total ...	4,76,979	36,47,222	7,99,226	21,766	2,65,962	76,831	1,85,959	20,88,421	9,49,223
Class A ...	4,76,979	36,47,222	7,99,226						
Class B ...	21,766	2,65,962	76,831						
Class C ...	1,85,959	20,88,421	9,49,223						
Total ...	6,84,704	60,01,605	18,25,285						
Add area within the division of plural holdings extending beyond the division ...	.....	5,169	242						
	6,84,704	60,06,774	18,25,527						

APPENDIX E.

Lands Damaged by Canal Irrigation.

District and Taluka.		Village.		Area.	Damaged by
Northern Division.					
Ahmedabad	.. No irrigation and hence no damage to lands in Northern Division (*vide* page 3).				
Kaira and Panch Mahals	..	....		....	....
Surat and Broach ..	..	....		....	....
Thana	..	....		....	....
Central Division.					
Ahmednagar—					
1. Kopargaon taluka	.. 62	Villages in all.		24,475	Godavari Left Bank and Right Bank Canal and Pravara Left Bank Canal.
2. Sangamner taluka	.. 6	Villages	..	107	Pravara Left Bank and Right Bank Canal.
3. Belapur ..	.. 53	Villages	..	17,401	Pravara Left Bank Canal.
4. Rahuri ..	.. 21	Villages	..	5,340	Pravara Right Bank Canal.
5. Shrigonda ..	.. 2	Villages	..	210	Visapur tank.
	144			47,533	
Nasik—					
1. Niphad taluka ..	.. 16	Villages	..	3,580	Palkhed and Godavari Left Bank Canal.
2. Satana taluka ..	.. 4	Villages	..	209	Girna Canal.
3. Malegaon taluka	.. 11	Villages	..	1,760	Do.
4. Yeola taluka ..	.. 1	Village	..	64	Godavari Left Bank Canal.
5. Sinnar taluka ..	.. 5	Villages	..	458	Godavari Right Bank Canal.
	37			6,071	
Poona—					
1. Purandhar ..	.. 2	Villages	..	112	Nira Left Bank Canal.
2. Bhimthadi ..	.. 26	Villages	..	10,715	Nira Left Bank Canal and Right Bank Canal.
3. Indapur ..	.. 11	Villages	..	4,913	Nira Left Bank Canal.
	39	Villages	..	15,740	
Satara—					
Phaltan State ..	.. 29	Villages	..	4,055	Nira Right Bank Canal.
Sholapur—					
Malshiras taluka ..	.. 38	Villages	..	5,977	Do.
Grand Total	.. 255	Villages	..	75,321	

APPENDIX E—*contd.*

District and Taluka.	Village.	Area.	Damaged by
	Southern Division.		
Belgaum—		Acres.	
Taluka Gokak ..	.. (*i*) Arbhavi ..	18·3	Dhupdal weir.
	(*ii*) Vaddarhatti ..	6·0	
	(*iii*) Kalloli ..	8·0	
Taluka Belgaum	.. ....	.... ..	....
Taluka Khanapur	.. ....	....	....
	Total ..	32·3 ..	
Dharwar—			
Mundargi Petha	.. ....	....	....
Kolaba—	No deterioration of lands as there are no irrigation works.		
Roha taluka ..	.. ....	....	....
Kolaba district			
Roha taluka ..	.. ....	....	....
Khalapur taiuka ..	.. ....	....	....
	Grand Total ..	32·3	
Abstract—			
Northern Division..	.. ..	....	
Central Division ..	.. 255	75,321	
Southern Division..	.. 3	32·3	
	258	75,353·3	

APPENDIX "F".

Government waste lands : Compact blocks of 100 acres or more.

District.	No. of compact Blocks of 100 acres or more.	Total area of	Extent of cultivable land out of area in column 3.	Extent of Revenue waste and forest out of area shown in column 3.		Remarks.
	2	3	4	5		
				Revenue waste.	Revenue Forest.	
Northern Division.						
1. Ahmedabad	9	3,954	1,844	Not stated.		
2. Kaira	12	1,971	1,601	1,971	....	
3. Panch Mahals	48	9,816	5,339	....	....	The cultivable area is either disafforested or waste.
4. Broach	3	1,984	1,984	1,010	....	Information about 974 acres not given.
5. Surat	15	3,443	374	2,046	1,397	
6. Thana	65	19,013	1,178	15,485	3,528	Most of the waste lands either stony or salt.
7. Bombay Suburban District	10	2,372	....	2,179	193	
	162	42,553	12,320	22,691	5,118	

APPENDIX F—*contd.*

District.	No. of compact Blocks of 100 acres or more.	Total area of	Extent of cultivable land out of area in column 3.	Extent of Revenue waste and forest out of area shown in column 3.		Remarks.
	2	3	4	5		6
				Revenue waste.	Revenue Forest.	
Central Division.						
1. Ahmednagar	162	48,505	21,940	3,336	45,169	
2. East Khandesh	7	1,177	1,115	1,117	....	
3. West Khandesh	33	8,433	6,164	6,052	541	*plus* 1,849 acres in charge of Forest Department.
4. Nasik	90	32,556	19,054	22,502	10,054	
5. Satara	56	24,724	2,894	768	23,956	
6. Sholapur	6	872	187	872	....	Reserved for ex-servicemen.
	49	7,819	7,681	127	7,692	
7. Poona	38	7,142	6,521	6,521	....	Information for the whole district not supplied by the Collector. Figures mentioned in this statement have been collected from files connected with reservation of waste lands for ex-servicemen.
	441	131,228	76,456	41,355	87,412	

Southern Division.

1. Belgaum	..	..	12	4,019	2,225 approx.	1,319	2,700
2. *Bijapur*	..	..	49	13,787	2,448	2,530	11,257
3. Dharwar	..	...		Information not received.]			.....
4. Kanara	..	..	39	6,105	6,105	6,105	
5. Kolaba	..	..	29	*11,496	9,457	7,531 (Khajan)	93 Revenue forest 3,867 Reserved for Protected forest
6. Ratnagiri†	..	..	10	3,700	....	244 Salt Marshy land	3,456 Reserved forest
			139	39,107	20,235	17,729	21,378

*Totally uncultivable blocks which are either Reserved or Protected Forests not included.

†No compact blocks of more than 100 acres or less of Government waste lands. Some blocks of forest but they are all Reserved forests.

Abstract for the Province.

Northern Division	..	..	162	42,553	12,320	22,691	5,118
Central Division	..	..	441	131,228	76,456	41,355	87,412
Southern Division	..	..	139	39,107	20,535	17,729	21,378
			742	212,888	109,011	81,775	113,908

Average area of a block :—286·9 acres.

Average cultivable area of a block :—146·9 acres.

APPENDIX FF.

	District.	Taluka.	Village.	Total area of land infested with hariali. A.	g.	
1.	Belgaum	.. Athani	.. Savadi	.. 108	8	
		Do	.. Satti	.. 96	15	
		Do.	.. Radarhatli	.. 127	21	
			Total	.. 332	4	
2.	Dharwar	.. Hubli	.. Bhandiwad	.. 91	22	
		Do.	.. Do.	.. 119	22	
		Do.	.. Do.	.. 83	16	
		Do.	.. Do.	.. 93	14	
		Do.	.. Do.	.. 39	33	
		Do.	.. Do.	.. 82	11	
		Do.	.. Do.	.. 82	25	
		Do.	.. Do.	.. 106	3	
		Do.	.. Do.	.. 82	8	
			Total	.. 780	34	
		Navalgund	.. Annigeri	.. 895	10	B. I.
				578	1	B. II.
				146	38	B. III.
				193	0	B. IV.
			Total	.. 1,813	9	
3.	Bijapur	.. Hungund	.. Nandamir	.. 95	2	
		Do.	.. Madapur	.. 113	28	
		Do.	.. Ramathal	.. 134	39	
		Do.	.. Budihal	.. 101	23	
		Do.	.. Hiremagi	.. 215	37	
		Do.	.. Hiremalagavi	.. 103	19	
		Do.	.. Bingwadgi	.. 217	15	
		Do.	.. Karadi	.. 207	23	
		Do.	.. Marol	.. 237	10	
		Do.	.. Hagedal	.. 184	16	
		Do.	.. Gangihal	.. 159	32	B. A.
		Do.	.. Do.	.. 197	16	B. B.
		Do.	.. Do.	.. 209	31	B. C.
			Total	.. 2,178	11	
		Indi	.. Chandachan	.. 527	38	
		Do.	.. Horti	.. 225	0	
		Do.	.. Baloli	.. 326	9	
		Do.	.. Nadkurd	.. 209	34	
		Do.	.. Salotgi	.. 609	33	
			Total	.. 1,898	34	
		Bijapur	.. Toravi	.. 104	0	B. I.
		Do.	.. Do.	.. 105	5	B. II.
		Do.	.. Babanagar	.. 292	0	
			Total	.. 501	0	

Abstract.

Belgaum	..	..	.. 332 4
Dharwar	..	..	.. 2,594 3
Bijapur	..	..	.. 4,578 5
		Total	.. 7,504 12

APPENDIX G.

LANDS THAT CAN BE IRRIGATED BY BANDHARAS.

District and Taluka.	Village.	Area.	Remarks.
1	2	3	4
	Northern Division.		
Ahmedabad ...	No bandharas in charge of Public Works Department hence no information available.		
Kaira and Panch Mahals..	No existing cases or investigations undertaken as irrigation by Bandharas not practised.		
Surat and Broach ...	No bandharas. No possibility of irrigation by bandharas. Little scope.		
	2. There is a proposal to put temporary bandharas across Amravati river in Ankleshwar taluka, Broach district, for utilizing the post monsoon flow for irrigation purposes.		
Thana ...	Irrigation by bandharas not common in the area as rainfall is heavy.		
	Central Division.		
	No lands irrigated by bandharas in Central Division and hence no information available without making detailed survey. Construction of bandharas in canal areas highly objectionable as they obstruct natural drainage and result in increasing water logged areas.		
	Southern Division.		
Belgaum.			
Taluka Gokak ..	(*i*) Kelvi	Acres. 320	
	(*ii*) Melvanki ..	1,300	
Taluka Belgaum ..	(*i*) Belgundi ..	200	
	(*ii*) Ganebail ..	107	
	(*iii*) Ramgurwadi ..	37	
Taluka Khanapur ..	(*i*) Chanewadi ..	185	
	(*ii*) Nandgad ..	16	
	Total ..	2,165	

APPENDIX G—*contd.*

District and Taluka.	Village.	Area.	Remarks.
1	2	3	4
Dharwar.		Acres.	
Mundargi Petha ..	....	202	
Koloba.			
Roha taluka ..	(*i*) Group of nine villages ..	1,285	Can be commanded by the bandharas across Mahisdara-Nala at Muthavali.
Kolaba district ..	(*ii*) Group of forty-three villages.	6,890	Can be commanded by pick up weir at Dolwala across Kundlika River.
Roha taluka ..	....	....	
Khalapur taluka ..	(*i*) Group of five villages ..	400	Can be commanded by the bandharas at Vasrang across Patalganga River.
		8,575	
	Grand Total ..	10,942	
Abstract.			
Northern Division ..	....	....	
Central Division ..	....	....	
Southern Division ..	64	10,942	
	64	10,942	

APPENDIX H.

LANDS IRRIGABLE BY SPECIAL PUMPING SETS.

Consolidated Statement of replies received from Executive Engineers and Superintending Engineers, Public Works Department.

Northern Division.

	District.	Taluka	Village.	Area.	Source of Irrigation.	Remarks.
	1	2	3	4	5	6
1.	Thana	.. Kalyan ..	Bhiwpuri to Kalyan (Partly in Kolaba).	....	Ulhas river ..	Considerable scope for irrigation by pumping plants set up on banks.
2.	Surat	..	Information still awaited			
3.	Broach ..	.. Broach taluka ..	20 villages. ..	....		
		.. Ankleshwar taluka.	5 villages.			
4.	Ahmedabad ..	.. ....	....	....		No information is available with Executive Engineer.
5.	Kaira ..	..	Information not received from the Executive Engineer.			
6.	Panch Mahals ..	..	Do.	do.		
7.	.....	.....	.....	....	.....	.....

APPENDIX H—*contd.*

Central Division.

District.	Taluka.	Village.	Area.	Source of Irrigation.	Remarks.
1	2	3	4	5	6
			Acres.		
1. Ahmednagar ..	1. Sangamner ..				
	2. Rahuri ..				
	3. Badapur ..	...		Pravara River	Pravara canal system. Flow already used or ear-marked.
	4. Newasa ..				
	1. Sangamner ..				
	2. Parner ..				
	3. Rahuri ..	... ...	... ...	Mula	Storage canal system. Projected in P. W. R. scheme.
	4. Newasa ..				
	1. Shrigonda ..				
	2. Karjat ..	... ...	... ...	Bhima	Flows along boundaries of Ahmednagar, Poona and Sholapur districts.
	1. Kopargaon ..	Sonewadi and Madhikhurd ..	....	Godawari Right Bank Canal ..	Suggested by E. E., N. I. D.
2. East Khandesh ..	1. Bhusaval ..	(i) Talwel ..	....	Bhogavati river	If water is pumped to a height of 60 feet,

3. West Khandesh	1. Shahada	(i) Fes-Bamkheda	800—1,000	Tapti River.	
		(ii) Shelti	....	Tapti River	
			800—1,000		
4. Nasik	1. Sinnar	(i) Mendhi	....	Deo River.	
	2. Satana	(ii) Arai	....	Sukhar nalla and Girna canal.	Unfailing supply of water.
5. Poona	1. Haveli	Manjari Kd.	300	Mutha river	Left Bank. Soil very good. Lift 55 feet.
	2. Dhond	(i) Pimpalgaon	600	Mula Mutha	Adequate water supply in rabi season.
		(ii) Khamgaon Tek	150	Mula Mutha	Red and black chopan soil. Lift 50 feet.
		(iii) Hingangaon	150	Mula Mutha	Red chopan soil. Lift 35 feet.
			1,200		
6. Satara	1. Walwa	(i) Kasegaon	55	Krishna river	Lift 50–60 feet.
		(ii) Borgaon	60	Krishna river	
		(iii) Walwa	50	Krishna river	
		(iv) Khed	50	Krishna river	
		(v) Kundalwadi	50	Waria river	
		(vi) Chikurdi	52	Waria river.	
		(vii) Aitawade	50	Waria river.	
		(viii) Narapingpur	300	Krishna river.	

APPENDIX H—*contd.*

Central Division.

District.	Taluka.	Village.	Area.	Source of Irrigation.	Remarks.
1	2	3	4	5	6
			Acres.		
		(*ix*) Kole	250	Krishna river.	
		(*x*) Khubi	150	Krishna river.	
		(*xi*) Tambwe			
		(*xii*) Bahe			
	2. Karad	(*i*) Atka	4,500	Krishna River ..	There is a pond in the river bed from Atka to Bahi village. The lands on right bank can be irrigated by pumping. Krishna canal on left bank.
		(*ii*) Wathar			
		(*iii*) Malked			
		(*iv*) Kasegaon			
		[Sangli State Retre (K)] ..			
	3. Khatav	(*i*) Goregaon	100	Yerla river	For Rabi season only.
	4. Man	(*i*) Gondawale (Kh.) ..	75	Man river ..	
	5. Khanapur ..	(*i*) Shivani	150	Nandni river ..	Only if these are good floods.
		(*ii*) Kadepur	200	Mahadeo Nala.	

			(iii) Balawadi	250	Yerla river	.. Uncertain for Rabi season.
			(iv) Kamalapur ..	200	Yerla river.	
			(v) Bhalavani	400	Yerla river.	
			(vi) Vadiye Hanmant ..	100	Yerla river.	
			(vii) Karadwadi ..	200	Yerla river.	
				7,142		
7. Sholapur	..	1. Pandharpur	.. (i) Machnur	2,000	Bhima river.	
			(ii) Chincholi	550	Bhima river.	
			(iii) Gopalpur			
		2. Mohol	.. (i) Dagaon			*Scheme under partial operation by a private agency Messrs. C. P. Uplap & Co. P'pur. All others in initial stage and only roughly surveyed. Possible to give water during Kharif and rabi except scheme.
			(ii) Arjunsond	4,000	Bhima river.	
			(iii) Pulaj	2,000	Bhima river.	
		3. Sholapur	.. (i) Takli	200	Bhima river.	
				8,850		

APPENDIX H—*concld.*

Southern Division.

District.	Taluka.	Village.	Area.	Source of Irrigation.	Remarks.
1	2	3	4	5	6
			Acres.		
*1. Belgaum	1. Gokak	(i) Konnur	200	Ghataprabha River	Rivers are perennial. Schemes have been proposed in connection with the cultivation of fodder crops.
		(ii) Tigadi	300	Ghataprabha River.	
		(iii) Melwanki	350	Ghataprabha River.	
	2. Athni	(i) Savadi	2,000 approx.	Krishna River.	
		(ii) Halyal	1,000 approx.	Krishna River.	
			3,850		
2. Bijapur	1. Bilgi Petha	*(i) Korti	2,200	Krishna River.	*Rabi irrigation during 1946-47 will be done under these schemes.
		(ii) Anagwadi	1,367	Ghataprabha River.	
		(iii) Bhuyar Doddihal	2,400	Krishna River.	
		(iv) Rolli	1,950	Krishna River.	

	2. Badami	.. *(i) Shivayogamandir	..	1,200 acres	Malaprabha River.
		(ii) Cholachgud	..	2,400 acres	Malaprabha River.
		(iii) Sulla ..	..	2,250 acres	Malaprabha Riv
	3. Bagewadi ..	(i) Alamatti ..	..	264 acres	Malaprabha Riv
		(ii) Sitamani ..	..	4,000 acres approx.	Krishna river.
	4. Indi	.. (i) Between Agarkhed and Bhuyar Doddihal.		2,000 acres approx.	Bhima River.
	5. Hungund	.. (i) Sangam ..	..	6,000 acres approx.	Krishna River.
				29,881	
3. Kolaba	.. 1. Khopoli	.. Khopoli to Apte	..	....	Patalganga Given by Executive Engineer, Thana South.
	2. Roha ..	.. Kolad to Roha	..	....	Kundlika.

An Abstract for the whole Province—

Northern Division	Exact acreage not known.
Central Division	18,192 acres
Southern Division	33,731 acres
Total for the Province ..	51,023 acres

APPENDIX I.

1. R. G. Saraiya, Esquire, O.B.E., J.P. Chairman, Bombay Provincial Co-operative Bank, Ltd., 9, Bakehouse Lane, Fort, Bombay.
2. Diwan Bahadur C. M. Gandhi, M.A., LL.B., Chairman, Surat District Co-operative Bank Ltd., Kanpith, Surat.
3. Sir Manilal B. Nanavati, The Indian Society of Agricultural Economics, Navsari Building, Hornby Road, Fort, Bombay.
4. Chairman, Bombay Provincial Co-operative Institute, 9, Bakehouse Lane, Fort, Bombay.
5. Sir William Jenkins, Agricultural Commissioner.
6. Mr S. M. Ikram, I.C.S., Registrar of Co-operative Societies, Poona.
7. N. A. Patil, Esquire, M.L.A., Navri, Dhulia, West Khandesh.
8. Babubhai J. Patel, Esquire, M.L.A., Kaira, Nadiad.
9. S. M. Subhedar, Esquire, M.L.A., C/o Mr. A. K. Padhye, Rajapur, Ratnagiri.
10. P. B. Ugargol, Esquire, Pleader, Belgaum.
11. M. P. Nadagouda, Esquire, Pleader, Bagalkot.
12. K. V. Joshi, Esquire, Retired Deputy Director of Agriculture, 501, Narayan Peth, Poona.
13. S. R. Bhagwat, Esquire, 282, Sadashiv Peth, Poona 2.
14. Manager, Joint Farming Association Limited, Karda, Poona district.
15. Prof. C. N. Vakil, M.A., School of Economics and Sociology, Bombay University, Bombay.
16. K. M. Jedhe, Esquire, Jedhe Mansion, Poona.
17. S. S. More, Esquire, Pleader, Poona.
18. G. R. Navladi, Esquire, Pleader, Belgaum.
19. Diwan Bahadur H. L. Kaji, J.P., I.E.S. (Retd). President Bombay Provincial Co-operative Marketing, Society, Ltd., Bombay.
20. Dr. D. R. Gadgil, M. Litt., Gokhale Institute of Politics and Economics, Poona 4.
21. Dr. M. B. Ghatge, Ph. D., Deputy Director of Agriculture, Grow More Food Campaign, Poona 1.
22. B. D. Deshmukh, Esquire, B.A., LL.B., M.L.A., Pleader, Jalgaon, East Khandesh.
23. P. K. Bhapkar, Esquire, M.L.A., Maliwada, Ahmednagar City.
24. S. D. Patil, Esquire, M.L.A., Pleader, East Khandesh, Chalisgaon.
25. M. G. Patil, Esquire, M.L.A., East Khandesh, Chopda.
26. P. V. Gadgil, Esquire, Lokamanya Editor, Medows Street, Fort, Bombay.
27. G. S. Sajjan, Esquire, B.A., LL.B., M.L.A., Pleader, Bijapur.
28. S. H. Jukaku, Esquire, B.A., LL.B., M.L.A., Pleader, Bhatkal (North Kanara).
29. T. R. Nesvi, Esquire, M.L.A., Havasbhavi, Hirekerur, Dharwar.
30. Tulsidas Subhana Jaddav, Esquire, M.L.A., Mitra Bhuvan, Mitra Nagar, Sholapur.
31. Vasantarao Narayan Naik, Esquire, M.L.A., Phaode Lane, Nasik City.

APPENDIX I—*contd*

32. D. K. Kunte, Esquire, M.L.A., Parliamentary Secretary, Poona.

33. Laxmidas Mangaldas Shrikant, Esquire, M.L.A., Bhi Sewa Mandal, Dohad (Panch Mahals).

34. V. P. Pawar, Esquire, B.A., LL.B., M.L.A., Kasturba Niwas, Karad.

35. Kanialal Desai, Esquire, President of the Gujarat Provincial Congress Committee.

36. Morarbhai Karsanji Patel, M.L.A.

37. Kalyanji V. Mehta, Esquire, Chairman, District School Board, Surat.

Area required to form economic holdings in different districts of the Province.

District.	Description of lands.	Cropping and soil.	Area for economic holding.
1	2	3	4
Thana	Kharif and Varkas Lands ...	Rice	4 acres.
		Rice salt area	6 acres.
		Rice and varkas land	3 acres of rice. +12 acres of varkas land.
		Bagayat in coastal tract ...	1½ acres.
Surat	.....	Purely dry cultivation	20 acres.
		Purely dry and partly irrigated ...	15 acres.
		Dry and Kyari (rice)	20 acres.
		Irrigated and Kyari	10 and 12 acres
Broach and Panch Mahals... ...	.....	Black cotton soil	25—30 acres.
		Bara Tract (Mostly riverside) ...	40 acres.
		Gorat (Mostly garden land) ...	15—18 acres.
Ahmedabad	.....	Dry crops	30
		Irrigated crops	20
Kaira	.....	Good goradu land	10—12 acres.
		Mixed black soil	12—16 acres.
		Inferior black and sandy ...	16—20 acres.

East Khandesh	Deep black soil	...	Jirayat	...	20 acres.
	Medium black soil ...	...	Jirayat	...	25 acres.
	Light soil	...	Jirayat	...	30 acres.
			Mixed Jirayat and Bagayat	...	10 acres.
					+3 acres.
			Irrigated crops only ...	...	10 acres.
West Khandesh	Deep black soil	...	Jirayat	...	20 acres.
	Medium black soil ...	...	Jirayat	...	25 acres.
	Light soil	...	Jirayat	...	30 acres.
			Mixed Jirayat and Bagayat	...	15 acres.
					+2 acres.
			Bagayat only ...	...	5 acres.
Nasik	Deshpart Deep black soil	...	Jirayat	...	25 acres.
	Deep black soil	...	Jirayat and Bagayat ...	...	18+12 acres.
	Medium black soil	...	Jirayat	...	35 acres.
			Jirayat and Bagayat ...	...	20+12 acres.
	Light soil ...	...	Jirayat	...	50 acres.
	Light soil ...	...	Bagayat only ...	...	7 acres.
	Heavy Rainfall tract. Kharif and Varkas lands.	...	Jirayat	...	4 acres of rice.
					+12 acres of varkas.
	,,	...	Jirayat	...	20 acres of varkas.
					+2 acres of rice.
Sholapur	(A) Dry tract of Sholapur Madha and Barsi.	...	...	...	30 acres of dry land or
					15 acres of dry land.
					4 acres of irrigated land.
	(B) Pandharpur, Karmala and Sangola talukas.				30 acres of dry tract or
					20 acres of dry tract and
					+4 acres under irrigation.
	(C) Malshiras taluka				16 acres under irrigation or
					35 acres dry tract.

APPENDIX J—*contd.*

District.	Description of Lands.	Cropping and soil.	Area of economic holding.
1	2	3	4
Ahmednagar	(A) Ahmednagar, Parner, Pathardi, Shevgaon Newasa and Sangamner talukas.	....	45 acres dry land or 25 acres dry land +8 acres dry land or 45 acres dry land or
	(B) Jamkhed, Karjat and Shrigonda talukas.		25 acres dry land 5 acres under irrigation or +15 acres irrigated land.
	(C) Pravera canals		14 acres under irrigation ; or 35 acres under dry tract.
	(D) Godavari lands		17 acres under irrigation ; or 40 acres under dry tract. 30 acres dry tract ; or 12 acres under irrigation or rice.
Poona	(A) Junnar, Khed, Maval, Mulshi Peta		15 acres dry tract. +5 acres irrigated or 25 acres dry tract or 10 acres under rice.
	(B) Haveli, Purandhar, Sirur ...		25 dry tract or 12 acres dry tract. +10 acres under irrigation.
	(C) Indapur, Dhond		30 acres dry tract or 15 acres dry. 10 acres irrigated for seasonal crop.

	(D) Bhimthadi, Part of Haveli and Indapur tract (canal).			16 irrigated for seasonal crop. 30 acres dry.
Satara	(A) Satara, Wai, Javali, Mahableshwar....			30 acres dry or 15 acres dry. +7 acres irrigated.
	(B) Patan and Karad Talukas ...			30 acres dry or 15 acres dry. +6 acres irrigated, or 10 acres irrigated or under rice.
	(C) Walwa, Tasgaon, Shirala ...			30 acres dry or 20 acres dry. +10 acres irrigated, for seasonal crops.
Satara	(D) Koregaon, Vadaja, Man and Vita ...			40 acres dry; or 15 acres dry. +10 acres irrigated for seasonal crops.
North Kanada	———		Where rice is principal crop and where it is transplanted.	4 acres.
Dharwar and Belgaum ...	Mallad		Rice principal crop and where it is drilled.	4–6 acres and 4–6 acres for growing inferior millets.
	Gadinad (trantion tract)		Kharif, Jowar, cotton and ground nut.	24 acres.
	Yerinad (Eastern Dry Tract) ...		Wheat, rabi jowar and cotton	40 acres.
	Gokak Canal Tract		Mixed crops of maize and tur and maize and cotton.	8 acres.
	Chikodi Irrigated Tract		Sugarcane rotated with chilly ...	4 acres.

APPENDIX J—*concld.*

District.	Description of Lands.	Cropping and soil.	Area for economic holding.
1	2	3	4
Kolaba	Kharif and Varkas land	Rice	4 acres.
		Saltrice area	6 acres.
		Rice and varkas lands ...	3 acres of rice and 12 acres of varkas.
		Bagayat in coastal tract ...	1½ acres.
Ratnagiri	(*a*) Coastal Belt 10 miles from sea ...		5 acres under rice. +10 acres under varkas; or 3 acres under fruit trees, +10 acres under varkars land.
	(*b*) Middle Belt (10–35 miles from sea) ...		4 acres under rice. 8 acres under warkas; or 5 acres under fruit trees. 50 acres under varkas.
	(*c*) Tract at the foot of the Mountain Sahydri.		3 acres under rice 15 acres under varkas land.
	(*d*) Garden Tract		1½ acres under supari and 10 acres under varkas; or 2 acres under cocoanut and 5 acres under varkas; or 2 acres under mango grafts 5 acres under varkas.

APPENDIX K.

List of Co-operative Farming Societies as on 30th June 1947 in the Bombay Province.

Serial No.	Name of the Society.	Place and Taluka.	Year of registration.	No. of members.	Area of land covered.	Remarks.
1	2	3	4	5	6	7
	NORTHERN DIVISION.				A. g.	
	Ahmedabad District.					
1	Vasai Better Farming Society	Vasai, taluka Dascroi ..	1944 ..	40	....	Better Farming activities only.
2	Dalod Better Farming Society	Dalod, Viramgam Taluka. ..	1944 ..	30	....	Do. do.
3	Ajru Better Farming Society	Ajru, taluka Dhandhuka ..	1944 ..	30	....	Do. do.
	Surat District.					
4	Afva Co-operative Better Farming Society, Ltd.	Afva, taluka Bardoli ..	1940 ..	19	....	Better Farming activities only.
5	Bulsar Abrama Co-operative Better Farming Society, Ltd.	Bulsar, taluka Bulsar ..	1940 ..	81	....	Do. do.
6	Degam Group Co-operative Better Farming Society, Ltd.	Degam, taluka Chikhali ..	1940 ..	46	....	Do. do.
7	Mota Waghchhipa Co-operative Better Farming Society, Ltd.	Pard taluka Pardi. ..	1937 ..	59	....	Do. do.
	Broach District.					
8	Kava Co-operative Better Farming Society, Ltd.	Kava, taluka Jambusar ..	1939 ..	20	....	Do. do.
9	Kora Co-operative Better Farming Society, Ltd.	Kora, taluka Jambusar ..	1940 ..	17	....	Do. do.
10	Ankhi Co-operative Better Farming Society, Ltd.	Ankhi, taluka Jambusar. ..	1940 ..	34	....	Do. do.
11	Rohid Co-operative Better Farming Society, Ltd.	Rohid, taluka Ankleshwar. ..	1946 ..	46	....	Do. do.

APPENDIX K—*contd.*

Serial No.	Name of the Society.	Place and Taluka.	Year of registration.	No. of members.	Area of land covered.	Remarks.
1	2	3	4	5	6	7
	CENTRAL DIVISION.					
	Satara District.				A. g.	
12	Phalke Padali Samudayik Shetki Sahakari Society, Ltd.	Phalke Padali,	1946	17	139 33	The society has dug a well on the bank of river Vasna and has set up an oil engine of 9 H.P. and a pumping plant of 3" for irrigating 415 plantain trees and 2 acres of sugarcane.
	wadi Samudayik Sahakari Society ..	Bhatatwadi, taluka Koregaon. ..	1946	11	129 36	
	West Khandesh District.					
14	Navri Shetki Samudayik Sahakari Society, Ltd.	Navri, taluka Dhulia ..	1947	12	About 179 acres.	Joint cultivation.
	Sholapur District.					
15	Shivaji Better Farming Dahitane Group Co-operative Society, Ltd.	Dahitane, taluka Barsi ..	1940	48	-- --	Other farming activities.
	East Khandesh District.					
16	Rokda Co-operative Joint Farming Society, Ltd.	Rokda, Bhatgaon peta ..	1943	14	363 0	The society was organised in 1943 when the Government farm at Rokda was abolished. Some of the tillers of the soil when the farm was conducted by Government were taken up as promoters. The lands to the Society for a long period. The services of a trained Rural Assistant were also made availabe to the Society to work as its Secretary till May 1947.
17	Pimpalwad Nikumbh Harijan Co-operative Joint Farming Society.	Pimpalgaon Nikumbh, taluka Chalisgaon.	1946	23	400 0	The society is organized for Harijans exclusively. The disafforested lands measuring 400 acres divided into plots are to be leased to the Society on lease for being leased to its members. As no assistance of an Agricultural Kamgar to work as its Secretary could be availed of till the end of the co-operative year 1946-47. The society could not undertake any agricultural operations on improved or large scale. The services of an Agricultural Kamgar are now spared for the society and the District Co-operative Officer is being asked to implement the scheme in all its aspects from the next season.

	Poona District.						
18	Karda Co-operative Joint Farming Association	Karda, taluka Shirur ..	1944 ..	184	306	33	It has undertaken bunding. It runs a dispensary, a library and a cloth shop. All people work jointly. It has brought a tractor and applied for engines to lift water from wells in the area.
19	Kharpudi Co-operative Better Farming Society, Ltd.	Kharpudi, taluka Khed ..	1941 ..	53	1,354	0	Area taken for bunding only but not for co-operative farming.
20	Shri Dnyaneshwar Maharij Bhose-Shetki Sudharak Sahakari Society, Ltd.	Bhose, taluka Khed ..	1947 ..	....	....		New.
	Ahmednagar District.						
21	Bhandgaon Joint Farming Society, Ltd. ..	Bhandgaon, Post Jamgaon, taluka Parner.	.... ..	25	125	0	The society has just commenced its working from 5th September 1947.
	SOUTHERN DIVISION.						
	Bijapur District.						
22	Madbhavi Better Farming Society ..	Madbhavi ..	1942	34	....		400 acres of land have been ploughed and 23 acres have been levelled.
23	Dhannur Better Farming Society ..	Dhannur, taluka Hungund. ..	1943 ..	54	860	0	
24	Marol Better Farming Society	Marol, taluka Hungund. ..	1943 ..	22	960	0	
25	Nilgund Better Farming Society	Nilgund, taluka Badami ..	1941 ..	81	600	0	Better farming activities.
26	Dhavalgi Better Farming Society ..	Dhavalgi, taluka Muddebihal ..	.... ..	13	....		New. 1,000 acres of land have been ploughed.
	Dharwar District.						
27	Yalvagi Waddars' Co-operative Land Improvement Society, Ltd.	Yalvagi, taluka Shiggaon ..	1925 ..	20	200	0	
28	Allipur Co-operative Farming and Sheep Breeding Society.	Allipur, taluka Shiggaon ..	1938 ..	26	281	26	

APPENDIX-K—*concld.*

Serial No.	Name of the Society.	Place and Taluka.	Year of registration.	No. of members	Area of land covered.	Remarks.
1	2	3	4	5	6	7
	SOUTHERN DIVISION—*contd.*				A. g.	
	Dharwar District—contd.					
29	Maharajpeth Joint Cultivation Society	Maharajpeth, taluka Haugol ..	1925 ..	33	314 36	This society is staunaut. An enquiry under Section 43 (1) of the Bombay Co-operative Societies Act, 1925, has been ordered into its affairs.
	Belgaum District.					
30	Hattarwad Better Farming Society ..	Hattarwad, taluka Khanapur ..	.... ..	93	73 9	The society has acquired 78 acres and 9 gunthas of Government waste lands and brought it under cultivation by leasing it out to its members. This society is distributing improved seeds and manure and has also kept improved implements for hiring out to members.
	North Kanara District.					
31	Balakalli Joint Farming Society	Balakalli, taluka Honawar ..	.... ..	65	200 0	Thirty members have leased out their lands to the society for purposes of joint cultivation for a period of ten years. The society intends to put an embankment for which it has approached Government for subsidy. The success or otherwise of this scheme is dependent upon the progress of the Balkalli Dam Construction Society.
32	Madgumi Joint Farming Society ..	Madgumi, taluka Kumta ..	.... ..	20	30 0	The society has taken over 80 acres of minor forests land which have been divided into plots and given to members for cultivation. Out of thirty acres, about ten acres are under mango and cashewnut cultivation. A compound wall has been built enclosing the whole area in order to prevent damages to crops. The society striving to bring the remaining 20 acres under cultivation after clearance of thickets. For want of adequate capital, it has not been able to sink a well for water facilities so as to bring the area under intensive cultivation.

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Report of Agricultural Credit Organization Committee

Appointed
by
The Government of Bombay

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CHAPTER I.

INTRODUCTORY.

In accordance with the recommendations of the Policy Committee on Agriculture, Forestry and Fisheries, the Government of India appointed a Sub-Committee under the Chairmanship of Professor D. R. Gadgil, Director, Gokhale Institute of Politics and Economics, Poona, to report on the ways in which rural indebtedness could be reduced and finance, both short-term and long-term, provided, under efficient control, for agriculture and animal husbandry operations. This Sub-committee recommended that the aim should be to provide solvent agriculturist-producers in all areas with an agency from which the producers could be sure of obtaining finance, for all reasonable purposes, on reasonable terms. For this purpose, it suggested the establishment of an autonomous public corporation established by the State and operating under its general supervision and direction, but with day-to-day working and normal business transactions conducted on an independent basis. The corporation was to provide all types of agricultural credit at rates of interest, which for short-term and development finance were not to exceed 6¼ and 4 per cent. respectively. To enable it to fulfil its objects, the Agricultural Finance Sub-Committee recommended that the State should assist the corporation in various ways, like contribution of 50 per cent. of its share capital, and direct subsidies for meeting the cost of administration and supervision in certain areas. The detailed recommendations of the Sub-Committee are reproduced in Appendix I.

2. On the publication of the report of the Agricultural Finance Sub-Committee, the Co-operative Department asked the Bombay Co-operative Banks' Association to state whether the central financing agencies in this province would participate in arrangements for reorganisation of the system of agricultural credit on the lines recommended by the Sub-Committee. The question was considered at a meeting of the association, held in Bombay on the 14th December 1946, when the following resolutions were passed.

Resolution I.—This joint session of the Boards of representatives (central financing agencies and urban banks) of the Bombay Co-operative Banks' Association is of the opinion that, in view of the development of co-operative banking in the province, a separate organisation on the lines of the Agricultural Credit Corporation recommended by the Agricultural Finance Sub-Committee of the Policy Committee on Agriculture, Forestry and Fisheries (the Gadgil Committee) of the Government of India, is not necessary in the Province of Bombay. It is convinced that, with the same measure and type of assistance which may be required for the proposed Agricultural Credit Corporation and some modification in their constitution, the co-operative banks of the province would be able to meet the requirements of credit-worthy agriculturist-borrowers.

Resolution II.—In order that an agency other than the private money-lender may be available to the solvent agriculturist producer for the provision of credit and in view of the opinion expressed in resolution I above, this meeting requests the Government of Bombay to appoint a representative committee to recommend the terms and measures of Government assistance and association to be provided to the co-operative banks of the province and to suggest amendments and modifications in the constitution of the apex financing agencies, the central banks and the land mortgage banks, which may be considered necessary for the purpose.

One more question, which required consideration of the conference was the establishment of a separate machinery for provision of agricultural finance in backward areas, as suggested in the Gadgil Committee's report. It was pointed out that institutional credit, whether agricultural or commercial, should only be supplied to credit-worthy borrowers. It was, therefore, not proper to include famine relief work in the scheme of credit organization. With this view, the conference concurred.

Resolution III.—This meeting further agrees with the view of the Gadgil Committee that special State machinery is necessary for the provision of relief and rehabilitation in backward areas, in tracts where distress conditions almost form part of the cycle of production, in areas where famines are frequent, and also in areas of solvent economy, where particular communities suffer from a depressed condition.

3. *Appointment of the committee and the terms of reference.*—In pursuance of the recommendations of the Bombay Co-operative Banks' Association, the Government of Bombay under Government Resolution, Revenue Department, No. 2143/45, dated the 21st February 1947, appointed our committee to examine the questions raised by the association and to recommend the terms on which and the extent to which Government assistance should be provided to the co-operative banks in this province, and to suggest amendments and modifications in the existing constitutions of the apex co-operative financing agencies, the co-operative central banks and the land mortgage banks to enable co-operative banks to provide agricultural credit on the lines envisaged by the Gadgil Committee. A question arose in this connection whether we could consider alternative proposals if we did not think that the co-operative societies would be able to carry out the functions of an Agricultural Credit Corporation. The matter was referred to the Secretary to Government, Revenue Department, and a reply was received to the effect that the committee should, in the first place, consider if a practicable plan could be worked out on the lines of the proposals submitted by the Co-operative Banks' Association and only if that were not possible, it would be necessary for the Committee to consider the proposals for a parallel organization.

4. The Committee consisted of the following:—

1. Sir Manilal B. Nanavati (*Chairman*).
2. Mr. R. G. Saraiya, O. B. E.
3. Diwan Bahadur Hiralal L. Kaji, J.P., I.E.S. (Retd.).
4. Mr. S. R. Kanthi, B.A., LL.B., M.L.A., Parliamentary Secretary to the Honourable Minister, Finance Department, Bombay.
5. Mr. M. M. M. A. Bhaiji, M.A., LL.B., M.L.A.
6. Mr. B. D. Deshmukh, B.A., LL.B., M.L.A.
7. Mr. K. Subba Rao, Chief Officer, Agricultural Credit Department, Reserve Bank of India, Bombay.
8. Mr. K. P. Mathrani, I.C.S., Deputy Secretary, Finance Department, Bombay.
9. Mr. L. M. Nadkarni, I.C.S., Deputy Secretary, Revenue Department, Bombay.
10. Mr. S. M. Ikram, I.C.S., Registrar of Co-operative Societies and Director of Agricultural Marketing and Rural Finance, B. P., Poona, Member and Secretary.

Mr. B. P. Patel, I.C.S., Additional Registrar of Co-operative Societies also attended meetings of the committee by invitation.

5. The committee had its first meeting on the 10th March 1947 at Bombay when questions relating to procedure were discussed. Later, to ascertain the various points of view, an elaborate questionnaire (*vide* Appendix II) was drawn up and issued to all concerned. The committee also examined the representatives of the Bombay Co-operative Banks' Association, the Bombay Provincial Co-operative Bank, the Bombay Provincial Co-operative Land Mortgage Bank, the district central banks and some other prominent workers in the movement. The names of the institutions represented and the individuals examined are printed in Appendix III. The names of the persons and institutions who sent replies to the questionnaire are indicated in Appendix IV.

CHAPTER II.

PRESENT POSITION OF THE CO-OPERATIVE CREDIT MOVEMENT.

Before we set down our recommendations as to the lines on which the co-operative credit structure in this province should be reorganized, it might be useful to sum up the present position of the co-operative movement and indicate the extent of development which it has reached in various parts of the province.

2. *Rural credit organisations.*—The rural credit organizations in this province, come under a variety of nomenclature, like agricultural credit societies, agricultural thrift and credit societies, multi-purpose societies, canal societies, societies for backward classes (in the distr cts of West Khandesh and Panch Mahals) and other societies catering for the needs of the rural population engaged in conservancy work, tanning, shoe making, etc. All these organizations are principally credit societies with some additional distinguish ng features in their working which account for the variation in nomenclature. The agricultural thrift and credit societies differ from ordinary credit societies inasmuch as they have a special provision for encouragement of savings. The multipurpose societies, in addition to credit, undertake the work of supply and sale etc. The canal societies make provision for grant of special loans for sugarcane cultivation, while the backward class societies provide for advance and recovery of loans in kind.

3. The total number of rural credit organizations, as on the 30th June 1946 was 4,796, out of which there were 4,532 agricultural credit and agricultural thrift and credit societies with a membership of 2,11,357 and 264 multi-purpose societies with a membership of 20,925. The number of villages served by the rural primaries was 5,942, as against the total number of 21,472 villages in the province, i.e. about 27 per cent. of the total villages have been covered by the co-operative societies. The total membership of these societies is 2,32,282 and calculating that one member represents a family of five, it will be seen that about 7·5 per cent. of the rural population is served by the co-operative movement. Average membership per society is 48. The total working capital of the rural credit societies, on the 30th June 1946, amounted to Rs. 3·07 crores, out of which Rs. 1·81 crores were owned funds comprising share capital (Rs. 51·44 lakhs), various reserves (Rs. 1·12) crores and members' deposits (Rs. 17·75 lakhs). This means that 58·9 per cent. of the total working capital of the rural societies belongs to the societies and their members.

4. Out of 4,796 societies, 632 were in 'A' class, 1,721 in 'B', 1,155 in 'C', 736 in 'D' and 552 were not classed. The classification into A, B, C and D indicates the financial position as well as the co-operative efficiency etc. of the societies. Accordingly, 'A' means very good, 'B' good, 'C' fair and 'D' bad.

The following table gives the audit classification of the rural societies for the last four years:—

Class.	1942–43.	1943–44.	1944–45.	1945–46.
A. ...	405	535	596	632
B. ...	1,196	1,413	1,568	1,721
C. ...	1,124	1,097	1,105	1,155
D. ...	1,106	852	779	736
Not classed ...	66	124	296	552
Total ...	3,897	4,021	4,344	4,796

5. The variation in the audit classification is an index of the improvement which has taken place in the condition of the credit societies, from 1942 to 1946. The position of these societies, however, does not appear to be so satisfactory, if we take into consideration unauthorised overdues which on the 30th June 1946 exceeded Rs. 75 lakhs. It is true that during the last five years, the overdues have been reduced from Rs. 1·12 crores to Rs. 75 lakhs (*vide* Appendix V), but as this was a period of agricultural prosperity, the present position cannot be considered very happy. Another unsatisfactory feature of the rural movement is the high percentage of the cost of management to the working capital, which works out at 4·4 per cent. We were told that this was partly due to the fact that many rural credit societies have taken up other activities besides supply of credit (like distribution of foodgrains). These activities entail additional cost of management, but as (in spite of the increase in the turnover and even in the profits) the working capital remains the same, the percentage of the cost of management to the working capital shows an increase. This may partially explain the high ratio between the cost of management and the working capital, but we think that even otherwise, the cost of running credit societies in the province is abnormally high and is a vital factor in raising the rate of interest, which the rural borrower has to pay.

6. The salient features of the working of rural credit societies during the period 1939–40 to 1945–46 are indicated in Appendix V. From these, it will be seen that apart from the high percentage of overdues and of ratio of management expenses to the working capital, the rural credit societies suffer from a few other weaknesses. Although the percentage of owned resources to the working capital is very satisfactory, (viz. 58·9 per cent.) members' deposits are less than Rs. 18 lakhs (viz. 5·8 per cent. of the working capital). Similarly, although the number of members has increased considerably during the last four years, viz. from 1,89,753 to 2,32,282 showing an increase of more than 22 per cent., even now the membership

of co-operative societies is, comparatively speaking, small. The average finance per individual works out at Rs. 91 which also cannot be considered adequate.

7. *Rate of Interest.*—The rates charged by the co-operative societies to their members are not uniform. They vary not only according to districts, but also according to the financial position of the societies and their dealings with the central financing agencies. The present rates of interest charged by societies range between 6¼ per cent. and 9⅜ per cent. though in case of newly registered societies, the rates may be even higher than 9⅜ per cent. The rate for supply of crop finance to members, who are parties to proceedings or awards under the Bombay Agricultural Debtors Relief Act, is either 6¼ per cent. or 7 13/16 per cent. according to the owned resources of the society. The societies which have owned resources exceeding 50 per cent. of their working capital, charge 6¼ per cent. while the societies with owned resources less than 50 per cent. of the working capital charge 7 13/16 per cent.

8. *Arrangements for crop finance.*—It may not be out of place, here, to briefly describe the arrangements for supply of crop finance in the areas to which the Bombay Agricultural Debtors Relief Act has been extended, as these arrangements indicate the lines on which the Government and the co-operative societies can work together for serving the needs of the rural debtors. In 1945, Government passed orders under which co-operative societies were expected to be the main agency for supply of crop finance in the greater part of the province. This finance was to be made available, as indicated above, at 6¼ per cent. or 7 13/16 per cent. according to the financial position of the co-operative societies. Government guaranteed these societies against losses up to 5 per cent. of their total finance to agriculturists, who were parties to proceedings or awards under the Bombay Agricultural Debtors Relief Act. As a further relief to the co-operative societies and their financing agencies undertaking the work of crop finance, Government agreed to bear the entire cost of supervision. Government also agreed to provide funds, in case of need, at 3½ per cent. and to make satisfactory arrangements for recovery of dues.

9. *Nominal membership.*—In order to bring within the purview of the movement the persons who for some reasons or other could not be admitted as full-fledged members of these societies, provision was also made for admission, as nominal members, of persons who could be advanced loans but who would have no other rights of membership.

Under these arrangements, the total amount of crop finance advanced up to 31st December 1946, was Rs. 15,26,197. Figures of recoveries are, however, not available, and it is yet too early to say whether the system of crop finance has worked satisfactorily.

10. *Non-credit activities of the societies.*—During the last few years, not only has there been a large increase in the number of village primaries, but the basis of the working of a large number of agricultural credit societies has been broadened. Many of them have adopted an omnibus bye-law providing for the sale of the produce of members, supply of their requirements and, subject to certain conditions taking up of other activities useful to the members. Quite a large number of credit societies in the province of Bombay have been distributing foodgrains sugar, kerosene, etc., under the rural distribution scheme. Figures relating to the volume of these activities are not available, but the part which the co-operative movement is playing in the rural distribution may be gauged from the fact that

out of a total of 3,956 rural distribution centres, as on the 30th June 1947, 1,369 were managed by the co-operative societies. Some of these centres were run by the consumers' stores, purchase and sale organizations, etc., but a very large number was under the management of the so-called credit societies.

Central financing agencies.

11. *District central banks and banking unions.*—The central financing agencies consist of 3 taluka banking unions, 11 district central banks and the Bombay Provincial Co-operative Bank. They operate through 114 branches and 26 pay offices which cover 182 out of a total number of 191 talukas in the province. The remaining 9 talukas in the Ratnagiri district are served by the Ratnagiri and Chiplun Urban Co-operative Banks whose bye-laws have been specially amended for authorising them to finance rural societies.

12. With the exception of the Ahmedabad Central Co-operative Bank (which is a federation of co-operative societies), all the district central banks have got a mixed membership of individuals and societies. Both the individuals and the societies are represented on their Boards of management; the proportion of representatives of rural societies and individual shareholders varying from bank to bank. The central financing agencies have branch advisory committees at most places where they have full-fledged branches.

13. In order to enable the central banks to provide finance to big khatedars, who are members of primary societies, but whose needs cannot be satisfied by them, a provision has been made in their bye-laws for admitting such persons to nominal membership. The bye-laws of central banks also provide for admission, as nominal members, of persons who are parties to proceedings or awards under the Bombay Agricultural Debtors Relief Act and wish to obtain crop finance. These nominal members do not hold shares, but are required to pay an entrance fee of Re. 1. They can obtain finance from the bank, but have no right to vote or participation in the management of the bank or in the distribution of profits, and shoulder no liability in the event of its liquidation.

14. On the 30th June 1946, the total working capital of all central financing agencies in the province was Rs. 14·08 crores, out of which Rs. 1·97 crores were advanced to affiliated societies. The percentage of loans outstanding with the societies to the working capital was 13·9. Overdues amounted to Rs. 36·32 lakhs which formed 9·9 per cent. of the total loans outstanding with the individuals and the societies.

All the district central banks are in a sound financial position. They are either in 'A' or 'B' class. They have been able to tap substantial funds as deposits and have built up strong reserves, as would be seen from Appendix VI.

All the banks work at a profit and have been able to declare dividends at rates varying from 4 to 7½ per cent. Normally, they have more than adequate funds, and if at any time, additional funds are required, they are obtained from the Bombay Provincial Co-operative Bank, either on the security of the gilt-edged securities or on their general assets.

15. The normal function of central banks is to finance co-operative societies but as almost all of the central financing agencies in this province had more funds than they could invest within the co-operative movement, they have been allowed to advance loans to individuals. Their outstandings with individuals, on the 30th June 1946, amounted to Rs. 78,55,472 and formed 11 per cent. of their working capital.

16. Some of the central banks, at present, undertake the work of seed supply and distribution of controlled articles, such as cloth. Many of these banks have earned substantial profits out of this business, but, as these profits are of a temporary nature and accrue from an abnormal type of activity, under a Registrar's circular, 80 per cent. of these profits have been earmarked for a "Special Development Fund". It is now proposed to transfer the amounts under the "Special Development Fund" to the "Reserve Fund" of the institutions concerned, so that their general position may be further strengthened.

17. The average borrowing rate of the district central banks works out at 1·8 per cent., while the lending rate to societies varies from 4·5 per cent. to 6·25 per cent., with a provision for rebate in some cases. The percentage of cost of management to working capital is about 1·11. From this it will be seen that the margin between the borrowing rate of the central banks and the rates which the societies have to pay remains very high, and is, to a considerable extent, responsible for the high rate which the ultimate borrower has to pay.

18. *Banking unions.*—There has been no concentrated effort in this province to stimulate formation of banking unions and unluckily the experience of the first banking union was not altogether happy. The Borsad Taluka Co-operative Banking Union, which was the first to be registered, had to be liquidated, within five years of its organization, as its working was found to be uneconomic. Since then, three new banking unions have been registered,—one at Wada in the Thana district and two in the Panch Mahals. So far they are working satisfactorily but it is, of course, yet too early to say how they will shape finally.

Lately there has been a persistent demand for registration of banking unions in the Surat district (e.g. from Olpad and Chikhli), but the central bank, fearing loss of business, is opposed to their registration, and the question is under consideration.

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LIMITED.

19. The Bombay Provincial Co-operative Bank has got 50 branches including 14 sub-branches. The membership of the bank is open to individuals and societies and the total number of members as on the 30th June 1946 consisted of 2,411 individuals and 2,614 societies. Loans due from individuals amounted to Rs. 89,37,700 and from societies to Rs. 91,85,000 (inclusive of Rs. 5,48,500 with societies in liquidation) forming 12·8 and 13·2 per cent. respectively of the total working capital. The overdues amounted to Rs. 4,16,300 from living societies and Rs. 5,48,500 from societies in liquidation. The percentage of overdues of living societies to total loans due from agricultural societies was 13·6.

20. The bank is in a very sound financial position and has a strong Board of Directors with efficient paid staff. Its relations with the primaries are cordial, and it has been taking various measures to improve their working. The bank also encourages the formation of banking unions wherever it finds that such unions can function successfully. The three banking unions which are at present working, are all in the area of operation of this bank.

21. This bank functions as an apex bank and acts as a balancing centre for the affiliated central and urban banks. In some districts where there are no district central banks and in certain other areas, it also acts as a district financing agency through its numerous branches. In these areas, it transacts business with individuals and nominal members in the same manner as a district central bank.

22. All the central banks are affiliated to the Provincial Bank and can obtain accommodation from that bank at the time of need. The Provincial Bank has, however, at present no power of supervision over these institutions.

In recent years a Bombay Co-operative Banks' Association has been organized to provide a platform for discussion of matters of common interest. Its membership is open to the Central and Urban banks, and the Chairman of the Bombay Provincial Co-operative Bank is the ex-officio Chairman of the Association.

Salient features of the working of central financing agencies are given in Appendix VI.

Land Mortgage Banks.

23. The information given above relates to the societies organized for supply of short-term requirements of the rural debtor. For supply of long-term finance, there are 16 land mortgage banks, including the Bombay Provincial Co-operative Land Mortgage Bank. Of the primary land mortgage banks, 11 banks showed profits, as at the end of 1945-46. The total outstandings of the Bombay Provincial Co-operative Land Mortgage Bank, with the primaries, at the close of the year 1945-46, amounted to Rs. 23,74,646. Out of these, Rs. 26,94,733 were advanced for debt redemption and Rs. 78,904 for development of land, while Rs. 1,01,009 were advanced for joint purposes of debt redemption and land development. Statements showing the operations of the Provincial and primary land mortgage banks are given in Appendix VII and VIII, respectively.

24. The Bombay Provincial Co-operative Land Mortgage Bank obtains its funds through debentures guaranteed by Government, both in respect of principal and interest. So far debentures of the value of Rs. 35 lakhs have been floated, at rates of interest varying between 3¼ and 3½ per cent.

25. The present rates of lending by the Bombay Provincial Co-operative Land Mortgage Bank to its primaries vary from 4½ to 5 per cent. and by primaries to the agriculturists from 6 to 6½ per cent.

26. The progress of the land mortgage banks has been arrested by the operations of the Bombay Agricultural Debtors Relief Act. These banks were organized mainly to redeem the debts of agriculturists by enabling them to borrow money at a low rate of interest and repay it in a number of instalments. These benefits are now available to the agriculturists, on even more attractive terms, with the enactment of the Bombay Agricultural Debtors Relief Act which provides not only for large scale compulsory scaling down of debts but also for their repayment in a number of instalments, within the annual repaying capacity of the debtor. Consequently, the demand for loans from the land mortgage banks has fallen and most of these banks have been suffering from want of adequate business. Recently, the Bombay Agricultural Debtors Relief Act has been amended so as to enable the Boards (Courts) set up under the Bombay Agricultural Debtors Relief Act, to pass awards in favour of land mortgage banks, but it is yet too early to say whether they will get sufficient business, even under these arrangements.

27. *Marketing organizations.*—We have briefly outlined the co-operative credit structure of the province. The efficiency of arrangements made for marketing of the cultivator's produce has also an important bearing on the efficiency of

credit arrangements and we are glad to note that in this province, the Co-operative sale movement has made considerable headway, especially in the marketing of money crops like cotton and groundnut. There are 197 sale societies, and one apex institution, viz., the Bombay Provincial Co-operative Marketing Society. The working capital of these purchase and sale organizations, excluding the apex marketing society, as on the 30th June 1947 was Rs. 1·03 crores. The value of the agricultural and other requisites sold or supplied by these organizations during the year 1945–46 amounted to Rs. 4·17 crores. The Provincial Marketing Society alone effected sales of cotton, foodgrains, fruits, rationed commodities, oil cake and other agricultural requisites, etc. to the extent of Rs. 51·5 lakhs. The statement, printed in Appendix IX, gives information regarding the working of the purchase and sale organizations in various districts of this province.

CHAPTER III.

WILL THE CO-OPERATIVE MOVEMENT BE ABLE TO CARRY OUT THE FUNCTIONS OF THE AGRICULTURAL CREDIT CORPORATION.

We have described, at some length, the position of the agencies concerned with rural credit in the province of Bombay. A preliminary question, which we had to decide before making our recommendations, was whether the existing co-operative agencies would be so reorganized as to discharge the functions envisaged by the Agricultural Finance Sub-Committee with regard to the agricultural credit corporation or whether a new agency was necessary. After a study of the position of the co-operative financing agencies in the province and examining their ability to absorb new clientele, we have come to the conclusion that the existing co-operative agencies can, with suitable reorganization and State aid, carry out the work of the agricultural credit corporation and in view of this it is not necessary to start an agricultural credit corporation.

2. We may mention that we are doubtful whether an agricultural credit corporation can immediately come into being and start functioning on the lines suggested by the Gadgil committee, with close links with rural areas and with efficient branches. This must take a long period of years, and depend on successful solution of many problems, but even if it were possible to set up, within a short period, an organization like the one envisaged by the Agricultural Finance Sub-Committee, we would prefer the strengthening and reorganization of the co-operative movement to the setting up of a parallel structure. Our reasons for this view are as under:—

3. Co-operative credit in this province has already reached a fairly high state of development, at least in certain areas. In some districts like Kolaba, Ratnagiri and Ahmedabad, owing to local peculiarities the number of agricultural societies is very small, but in some other areas like Dharwar and East Khandesh, the co-operative movement is already serving a large proportion of the credit worthy cultivators. It has spread in almost all the districts and covers most of the talukas. There are nearly 5,000 rural credit societies in the province, and the provincial and the district central banks have 140 branches and pay offices, covering most of the important talukas. The working capital of the rural primaries is about Rs. 3 crores, and the movement can raise additional funds, if necessary. There is also a well-developed marketing organization consisting of a Provincial Marketing Society and 197 district and taluka purchase and sale unions, etc. which function as useful

co-operative organizations for rural betterment. It is obvious that a movement, which has reached this stage of development, and which was able to face the economic depression of the " thirties ", cannot be lightly disregarded and its potentialities for further improvement and extension have to be examined before we can think of an alternative agency.

4. The movement can also expand rapidly. The progress of the movement was comparatively slow from 1930 to 1938, partly as Government had passed orders against registration of new societies except under certain categories and partly as the departmental staff was inadequate. The position has considerably changed with the reorganization of the departmental staff and various measures taken by Government to encourage the expansion of the movement. The fact that during the last three years, the membership of the agricultural credit societies increased from 1,94,161 to 2,32,282 and their number from 4,021 to 4,796 (viz. virtually by 20 per cent.) shows that the movement is capable of rapid expansion.

5. One objection to the co-operative societies being entrusted with the functions of an agricultural credit corporation is their normal inability to deal with the persons who are not their members. Even in this respect, the position in Bombay is easier and more elastic than in other provinces of India. The central banks and the provincial bank in this province lend not only to the agricultural credit societies but also to individuals. These individual members are generally well-to-do farmers or traders, but since the introduction of the Bombay Agricultural Debtors Relief Act, the principle of financing what are called " nominal members " has been introduced and loans have been advanced, for example, during the last year, by central banks, to persons who are not fulfledged members of these institutions, but who, on the payment of a nominal admission fee, are advanced crop finance. This arrangement is not altogether happy and we shall have something to say about it at a later stage, but it certainly enables the co-operative societies to deal with the requirements of those who have any objection to becoming their fulfledged members. The system of financing nominal members may have some risks and disadvantages, but we cannot see how a district or a taluka branch of an agricultural credit corporation, with limited experience of work in this field, with virtually no field staff and lacking other local contacts with non-officials, can be a better agency for serving the needs of scattered individuals than what the district central banks and their taluka branches, which enjoy so many advantages in this respect ; can do even for their nominal members.

6. Our third reason for preferring the co-operative movement was that in Bombay, the co-operative organizations, particularly the provincial and the central banks, have been able to attract a host of capable and disinterested workers. They share the responsibilities of the Government in suppling finance to rural areas and the funds attracted by the institutions run by them are available for purposes for which otherwise funds raised by Government or by a corporation largely supported by Government would be necessary. There appears no reason whatsoever for the state to deny itself the disinterested, and generally speaking, efficient services of these individuals in drawing up its rural credit schemes.

7. In rejecting the proposal for an agricultural credit corporation, we were also influenced by the consideration that the organization of a rival agency, buttressed mainly by a large measure of Government support will not only arrest further progress of the co-operative credit movement in this province, but may even lead to its disintegration. If the cultivators can obtain finance from the corporation at rates lower

than those charged by co-operative credit societies and are free from all the problems of unlimited liability etc., some of them may not prefer the membership of a co-operative organization to dealing with the agricultural credit corporation. This competition would not only be harmful to the co-operative movement but would be singularly unfair, as it will be possible for the corporation to charge low rates interest, only on account of heavy subsides over administrative expenditure, etc., by Government and by the State placing funds at its disposal at low rates.

The organization of the corporation is also likely to divert the energies of the limited number of workers who are available, and fritter away the limited resources of the country, without any corresponding benefit to the general public.

We may also mention that the co-operative movement, as visualized by us, will help in reorganizing the entire rural life, while the agricultural credit corporation can look to only one aspect of the question, viz. finance.

8. There were other considerations which weighed with us, but as many of them have been already urged in the report of the Saraiya Committee on co-operative planning (*vide* pages 73-74 of the Report of the Co-operative Planning Committee), and also as the Gadgil Committee itself has visualised (in paragraph 25, Chapter V of its Report) that in certain areas, where the co-operative movement is well developed, an agricultural credit corporation may not be necessary, we need not deal with the question at a greater length.

9. Although we have come to the conclusion that, generally speaking, the co-operative organizations offer the best agency for supplying rural credit in this province, we feel that it would be wrong to recommend them simply because they are already in existence. In order to justify the place, which we visualise for the co-operative movement in the machinery for rural credit, it is essential that it should be in a position to confer on the rural population all the benefits of an agricultural credit corporation. If, on the other hand, the co-operative banks cannot advance money except at high rates or on impossible conditions or if they cannot win the confidence of the rural primaries and assist in the development of the rural areas, they cannot be said to have succeeded in the object we have in view. As the progress of the co-operative movement in this province has not been uniform and as conditions vary from area to area, there is quite a real danger that if the local central financing agencies insist on unfettered autonomy, they may not be able to play the role visualised for them. Luckily however, the representatives of the various central financing agencies whom we met, took a very reasonable attitude. They readily agreed that if the co-operative banks were to be considered a suitable substitute for an agricultural credit corporation, they must satisfy certain uniform standards of business and administration, which the general public would expect them to maintain. To satisfy these standards and to carry out efficiently the functions envisaged by the Agricultural Finance Sub-Committee, with regard to agricultural credit corporation, the co-operative credit movement in this province will need considerable re-organization and State help. We shall deal with both these questions in a subsequent chapter.

CHAPTER IV.

Nature and Extent of the Problem.

The Gadgil Committee, while recommending the establishment of the Agricultural credit corporation, has indicated, in detail, the various problems confronting the agriculturists in the matter of rural indebtedness and agricultural finance and how they could be best met. The main problems, indicated by the Committee, could be summed up as under:—

(1) Adjustment, reduction and compounding of old debts.

(2) Establishment of an agency or agencies of credit alternative to the private moneylender.

(3) Provision of finance to all agriculturist producers who are creditworthy and who are in need of funds.

(4) Improvement of the position of the agriculturists, economically and socially, with a view to attain better business, better methods of production and better living.

2. The Gadgil Committee has stated; "The adjustment of the burden of the old debt is the initial problem which must be solved before a new structure of finance of agriculture is raised. Unless agricultural economy is freed of the incubus of a heavy accumulated debt, it will not begin to function normally, and as long as the charge on the current income of the producer on account of the interest and repayment of the old debts is not placed at a reasonable level, the system of new finance will have no chance of successful operation. Therefore, the adjustment of old debts must be brought about in order to allow for the normal functioning of the economy of the producer and as a necessary preliminary to the reorganization of agricultural finance." In this province, Government has already taken steps to tackle the first problem, by introduction of the Bombay Agricultural Debtors Relief Act, 1939 (Amended—1947). This Act, which was first applied in 1942 to a few talukas and petas, and extended to the greater part of the province in 1945, has now been extended to the whole of the Province. Under the Act, the agriculturists' debts would be scaled down so as to bring them within the paying capacity of the debtor, having regard to the value of his property and his net annual income, and would be made repayable in a suitable number of size of instalments. If the debtor's annual income is not sufficient to pay off, in a certain number of fixed instalments, the scaled down debt, he is to be adjudged an insolvent.

The total number of applications received by the various Debt Adjustment Boards from the areas to which the Bombay Agricultural Debtors Relief Act was made applicable in the years 1942 and 1945 was 2,49,435 and the total debts involved therein amounted to Rs. 15,31,32,775.

3. With the application of the Bombay Agricultural Debtors Relief Act and the process of adjustment of debts of agriculturists, it has become imperative to make arrangements for provision of finance to all adjusted debtors at a reasonable rate of interest. The problem of these adjusted debtors is an urgent one, as with the debt legislation, the normal resources of finance have dried up, but in addition, provision has to be made even for other creditworthy cultivators who have not approached the Debt Adjustment Boards.

4. *Number of additional cultivators to be financed.*—In 1942–43, there were 23,78,000 landholders in the province owning 2,69,50,000 acres of land. Of these 18,56,100 (owning 1,88,56,000 acres) were agriculturists and 5,22,600 (owning 82,94,000 acres) were non-agriculturists. We can safely ignore the men in the latter category as they are not *bona fide* cultivators and take those in the former as persons whose financial needs may have to be provided for. These landholders are divided according to the size of their holdings, as under:—

Up to 5 acres	9,52,000
Between 5 and 15 acres	5,29,000
Between 15 and 25 acres	1,99,000
Between 25 and 100 acres	1,65,000
Between 100 and 500 acres	11,000
Over 500 acres	100
Total ...	18,56,000

If we take 25 acres as a fully economic unit, then we can exclude 1,76,100 being cultivators, as persons for whom special arrangements for finance may not be necessary. Their debts may be small or none at all. They can always raise finance at reasonable rates of interest. We should also be justified in excluding a similar number from the remaining classes as men whose cases need not be considered at all as they are well situated and do not need finance from outside. In the lower classes also, there are some thrifty and well-to-do cultivators. Of the rest, half of the uneconomic holders, that is those holding less than 5 acres of land, may be left out of consideration as totally uncreditworthy whom no bank can safely advance funds. The other half may be taken as near-creditworthy as they are supposed cultivate most of the lands owned by the non-cultivating holders and their cultivated holdings would be large.

Thus out of 18,56,100 cultivators, if we exclude the two categories from our consideration, we shall have to provide for nearly 10,28,000 cultivators.

For the present, the rural co-operative movement in the province of Bombay accommodates nearly 2,32,000 agriculturists. Therefore, we may expect that new clientele to come to nearly 8 lakhs and the movement will have to be expanded during the next ten years to absorb them.

5. *Estimate of future finance.*—Another question which has to be considered in determining the extent and the nature of the problem is about the future finance that would be required by creditworthy agriculturists. Unfortunately, the needs of cultivators are modified by so many factors, and the data for dealing with individual cultivators over so wide a field is so incomplete, that without a special and elaborate enquiry—which is obviously out of question, within the time allotted to us—all

estimates must, at best, remain in the nature of intelligent "guess work". As, however, the question is one of practical importance, and as it is desirable to give the Government, and the general public, some indications of the size of the problem, we shall attempt to give some rough estimates.

6. To arrive at proper estimates of the finance, required for current agricultural needs in this province, we have taken into consideration the estimates, prepared, after a detailed examination, by the Bombay Provincial Banking Enquiry Committee. This Committee estimated the current needs of agriculturits, after allowing for what they would be able to contribute themselves, at 23·78 crores. These estimates were pepared in 1930 after taking into consideration :

(1) the ordinary items of cultivation such as seeds, ouside labour, etc., actually paid by, for an average agriculturist,

(2) manures, plough, cattle,

(3) replacement and requirements of implements.

(4) maintenance, and

(5) land assessment, etc.

The cost of cultivation has gone up considerably since the days of the Bombay Provincial Banking Enquiry Committee—by at least 50 per cent.—and if we accept the estimates of that committee, the total requirements of current finance today, may be about Rs. 35·67 crores. These estimates are for the whole province. We have, however, recommended that certain areas should be financed by Government through tagavi loans, etc. Allowing for this, it would be safe to assume that if the estimates of the Banking Enquiry Committee are correct, the co-operative movement may have to provide, in course of time, funds to the tune of at least 25 crores.

We, however, feel that these estimates are two large and would like to base the requirements of the co-operative credit societies on other—rough and ready, but perhaps more dependable—lines of approach. The Saraiya Committee for example, has recommended that 30 per cent. of the rural population should be brought within the ambit of the co-operative fold during the next ten years in two 5 years periods and we are accepting this as our target. The witnesses, who appeared before us, also stated that those creditworthy cultivators, who will require finance, will be about 30 per cent. of the total rural population. To-day, calculating that one member stands for a family of five, the co-operative credit societies in this province serve the needs of 7·5 per cent. of the rural population, and for this purpose, 2·12 crores have been lent out to their members. Following the same basis, the total finance that will be required by the 30 per cent. of the population would be four times the present requirements, viz. Rs. 8·48 crores.

We have indicated, above, that on the basis of agriculturists' holdings and relevant factors, nearly 8 lakhs of additional cultivators may have to be brought within the fold of the co-operative movement. On the basis of average requirements of members of co-operative societies for the last 3 years, i.e. Rs. 91 per

head, the total additional finance required would be about 7·28 crores. If this is added to the finance, at present supplied by the co-operative societies, the total funds needed by them would amount to 9·4 crores.

The total requirements of the movement on the basis of these estimates may, therefore, be assessed at about Rs. 9 crores, or if we consider that present finance by co-operative societies is not adequate, at about 10 crores. The total requirements in the beginning, however would be less, as it will take, at least, ten years to bring within the co-operative movement, 30 per cent. of the rural population. On the basis of a ten years' plan, the yearly increase in demand for finance would, therefore, be in the neighbourhood of 94 lakhs, or at the utmost of one crore. The surplus funds of the rural side of the movement, at present, are 3·41 crores, which can be, if necessary, increased, and it is obvious that the movement can meet the additional demand for funds, except in certain areas and for short periods of emergencies, for which special arrangements could be made with the Government or the Reserve Bank of India.

7. The ultimate problem before the co-operative movement is, therefore—to supply finance to another 8 lakhs of people and to invest, in due course, another 8 crores in advances to the agriculturists. This finance should be provided on reasonable terms and in an expeditious and convenient manner. If the co-operative movement is to achieve this end and to serve all the creditworthy agriculturists in need of funds, it has to ensure that the co-operative credit organizations should be made to work at maximum efficiency. For this purpose, not only has the working of all co-operative organizations—the village primaries, the district central banks, the Provincial Bank—to be reorganized so as to be more efficient and economical, but the working of all these units has to be integrated, so that all of them function, as efficient and willing parts of one machine. To achieve this end, the co-operative organizations which are autonomous bodies, ruled by their own members, may have to allow some interference with their autonomy or at least agree to closer co-ordination and supervision for the purpose of implementing the scheme of rural finance. Further, as the movement will have to provide credit to all agriculturist-producers, it may have to allow dealing with non-members, at least, nominal members, by relaxing the normal co-operative practice in this respect. We are indicating, in detail, in the next chapter, as to how these requirements could be met by the rural co-operative credit organizations, without undermining their co-operative character, and in a manner most calculated to bring to the province, all the facilities and advantages which the Gadgil Committee expects from the proposed agricultural credit corporation.

CHAPTER V.

General line for reorganization of rural credit structure.

In this chapter, we propose to set down detailed suggestions for reorganizing and strengthening co-operative organizations, both primary and central, so as to enable them not only to undertake increased financial commitments, and serve larger rural population, but also to function as powerful agencies for rehabilitation of rural economy.

2. *Nomenclature.*—We shall begin with the primary unit—the village society. We have already indicated the various types of village primaries, viz. agricultural credit, agricultural thrift and credit, and multipurpose societies, etc. We understand that in this province many agricultural credit and agricultural thrift and credit societies have adopted byelaws for undertaking additional activities like the sale of members' produce and supply of their wants. As a consequence of this, many of the so-called 'credit' organizations have been performing non-credit functions—particularly distribution of controlled and rationed articles, like foodgrains, sugar, kerosene, cloth, groundnut cake. We think it is hardly appropriate to call these organizations, which have taken up non-credit activities, as credit societies and would recommend that steps may be taken to designate them—as they are, in fact—multipurpose societies.

We also feel that the variety of nomenclature, which is in vogue in this province, for various types of rural primaries is confusing, and it would be desirable to limit the categories of primary societies in rural areas.

3. *Future registration.*—As regards the future, we think that looking to the economic and social conditions in rural areas, the normal policy should be to organize multipurpose societies only, and to convert existing village primaries into multipurpose societies, preferably on the same liability. Such societies should satisfy the normal cultivation needs of their members as well as supply credit for agricultural needs. They should also serve as agencies for supply and sale, and as they develop their capacity, in course of time should also act as consumers' societies.

4. *Liability.*—With the question of registration is linked up the question of liability of these societies. The question is a controversial one and reasons both for and against encouraging the unlimited liability basis of village societies can easily be put forth. The Raiffeisen model, which is current all over India, is from co-operative point of view, the correct one, but lately there has been a drift towards experimenting with limited liability. The recent tendency is reflected in recommendations of the last Registrars' Conference, which has endorsed Recommendation No. 15 of the Co-operative Planning Committee about the basis of reorganized agricultural primary credit societies. The relevant recommendation of the planning Committee reads as under—

"Where unlimited liability has been found to work successfully, no change in the liability of the primary society is called for."

In most provinces, however, unlimited liability has not been very helpful to the progress of co-operative credit and the trend of thought is in favour of limited liability. Therefore, except where unlimited liability has produced good results, the liability of the reformed and reorganized primary society should be limited either to the value of shares held by a member or to a multiple thereof, provided that a substantial part of the funds required by the society can be raised through share capital.

There may, however, be cases where unlimited liability is more appropriate, such cases should be treated by the Registrars on their own merits and with regard to local opinion and circumstances.

Under these conditions, we would recommend that a free hand should be allowed to the agriculturists to form their societies either on limited or unlimited liability basis. If the large landholders want to have a limited liability society, they should be free to do so, but in such cases, the requirements of the poorer classes should not be ignored.

5. *Maximum membership.*—We understand that the byelaws of several agricultural credit, and thrift and credit societies included a provision for maximum membership. These restrictions were imposed as a corollary to unlimited liability basis of the credit societies, which presupposes limited membership and close mutual knowledge amongst members. In the past, this restriction was considered desirable with a view to keep the number of members of a society within a reasonable limit, (50 being generally considered as a maximum), so that members could know each other intimately. This should not be necessary now and if the co-operative movement is to serve the maximum number of agriculturists, there should be no numerical restriction on membership. Even otherwise, with the policy of extending the area of operation of village primaries, their membership will increase. As most of the credit societies in Bombay have got paid and generally well-trained secretaries and adequate supervisory staff, the increase in membership should not weaken the position of the societies and would actually tend to make the units self-supporting.

6. *Nominal membership.*—One important question, which we had to consider with reference to the co-operative credit societies was that of nominal membership Normally, of course, the co-operative organization should distribute credit only to their members but there can be cases where, owing to unlimited liability, some substantial parties may not like to join a co-operative society registered on unlimited liability basis; or there may be a few individuals who may be credit-worthy but whom, for one reason or another, the Managing committee in charge of the autonomous village society may be reluctant to admit to full-fledged membership. Similarly, in an out-of-the-way place, there may be a small group of people for whom it may not be possible to organise a separte co-operative society, and they may have to be financed as nominal members of a taluka or a district organisation. For meeting such abnormal emergencies, the device recently adopted in Bombay is to include such individuals as nominal members, either of village primaries or other institutions like central banks or purchase and sale organisations. Such members have limited responsibilities and limited privileges. They have no share in the profits or in the management of societies and are not subject to any liability in case of the winding up of the institution. On payment, however, of a small admission fee, they are admitted as nominal members and can obtain credit, according to the agreed terms, and are subject to the provisions of the Bombay Co-operative Societies Act including the provisions relating to arbitration under Section 54.

This arrangement is, at the most, only one of expediency and should not be normally encouraged. We would prefer that in a case where several new comers object to unlimited liability, the question of forming a special society for them may be taken up. Similarly, where the number of potential members is very small and it is not possible to organize a separate society for them, it may be possible to extend the area of operation of the neighbouring society and dispense credit to the persons concerned through this society instead of admitting them as nominal members of a taluka or a district organisation.

The need for enrolling nominal members should be reduced to the lowest limit possible and every encouragement should be given to the creditworthy borrowers, now outside the co-operative movement, to enter its fold as regular members. No

nominal member of a district or taluka organization, for example should normally be allowed within the area of jurisdiction of a co-operative credit society without its written consent and efforts should be continually made to absorb, as ordinary members, even those persons who, owing to some special circumstances, have been admitted as nominal members.

With these and other similar arrangements, we think, it should be possible to reduce the number of nominal members to a minimum, but we recognize that even then, there may be some persons whose needs may have to be met through the expediency of nominal membership. Subject to proper safeguards and subject to the suggestions we have made above, there should be no objection, in our opinion, to resorting in exceptional cases, to the provision of nominal membership. The arrangements should be, however, regarded in the nature of an experiment and should be periodically reviewed to see how they are functioning and whether any modification or curtailment is necessary.

7. *Co-operative credit association.*—While we are dealing with the question of membership, we should like to make some observations on the question of bigger cultivators. Their requirements are often beyond the normal individual loan limits of village primary societies and are usually met through the sanction of special loan limits. This practice may be continued, but it should be seen that all the funds of a society are not locked up in special advances to a few big Khatedars and that the needs of all the members of the society, both big and small, are met. Where, however, the number of big Khatedars is large and their needs cannot be conveniently met through sanction of special loan limits by the rural societies, it may be useful to form co-operative credit associations for such big agriculturists. These associations may be for a taluka or a number of villages and may be registered on a limited liability basis. They should be in a position to sanction bigger loans which exceed the normal individual limits of village credit societies.

8. *Borrowings.*—The societies registered on the basis of unlimited liability have a provision in their byelaws that their borrowings should not exceed a certain sum, except with the specific sanction of the Registrar. The borrowing limits are generally fixed after taking into consideration the total assets of members and ordinarily do not exceed $\frac{1}{6}$th of the value of these assets. In the case of societies with limited liability, the outside borrowings are governed by Rule 8 of the Bombay Co-operative Societies Rules, 1927, which provides that the liabilities incurred by such societies shall not exceed 8 times the total amount of their paid-up share capital, accumulated reserve fund and building fund minus accumulated losses. In practice, however, the central financing agencies usually advance funds only up to four times the share capital and reserve fund of the societies with limited liability, which in case of newly registered societies is very small. These funds must be very often inadequate and the object of starting a society may be frustrated if a few people take up all the funds. As co-operative societies will now be called upon to advance loans to all creditworthy persons, and as a number of such societies is likely to be on a limited liability basis, the present limitations will require re-examination. We, therefore, suggest that the Department should take up the question with the Co-operative Banks' Association and later move Government, if necessary, for modification of Rule 8.

9. *Individual Loan limits.*—We also understand that the model bye-laws of rural credit societies provide for individual loan limits, which for short-term and intermediate-term loans are Rs. 200 and Rs. 400 respectively. These limits can be exceeded in special cases with the permission of the Assistant Registrar. These

limits also require re-examination and revision if they are to adequately meet the needs of the members. It would probably be in consonance with the present level of prices and cost of cultivation, if these limits are raised to Rs. 300 and Rs. 500 respectively. It would also be desirable to link individual loan limits with the assets of the borrower, and his repaying capacity rather than to regulate them on a mechanical basis.

10. *Local deposits.*—From the information supplied to us, we notice that although the rural credit societies have large owned resources, they do not seem to have so far made any serious attempts to tap local deposits. This is necessary with a view to create local interest in the institutions and would also enable the societies to reduce their lending rates of interest, as local deposits would be cheaper than the bank loan. A co-operative credit society should be a real village bank and local deposits should be the primary source of its funds. Of course, safeguards will have to be envolved for safety of funds and repayment of deposits and, as a general rule, receipt of demand deposits by village societies, should not be encouraged.

11. *Prompt finance.*—With regard to the loans of the societies, the system should be simplified and advances should be made more promptly. In this connection, the Gadgil Committee has made the following recommendations :—

> "In order to improve the system of co-operative finance given by the primary credit societies, the frozen assets of co-operative societies should be liquefied by adjusting the claims of the societies to the repaying capacity of the members.

The primary credit society should try to finance all the short-term needs of its members and also, subject to certain limitations, their intermediate-term needs.

In a co-operative society the creditworthiness of a member should be assessed on the basis of his repaying capacity.

The security for advances should ordinarily be personal. But the society should have a statutory charge on the crop as an additional security for all its seasonal finance, the wilful breach of which charge should be made a criminal offence. Mortgage security may be justified when the size and period of the loan require it, but it should be only collateral.

The delay in clearing loan applications should be minimized. For this purpose—

(1) Borrowing limits for each member and for each society should be fixed each year ;

(2) Societies with sound management should be allowed cash credit arrangements with their financing institutions ;

(3) Societies of good standing might be permitted to keep some cash in hand for making small loans ;

(4) The system of "continuity mortgage bonds" in Madras might be profitably looked into and adopted wherever conditions permit ;

(5) The system of running credit to individuals may be adopted wherever practicable ; and

(6) Authority should be granted to specific office-bearers to sanction loans not in excess of specified amounts in emergency.

Loans should be advanced only as and when they are actually required.

Regular repayment of loans should be insisted upon. Extensions may be continued to be allowed in cases of temporary difficulties. For wilful defaults there should be no hesitation in resorting to coercive measures.

The efficiency of co-operative finance should be improved by closely linking the operations of credit societies with those of sale societies.

The scheme of "controlled credit" functioning in Madras is recommended for general adoption with such modifications as are necessary to suit local conditions.

The efficiency of co-operative finance should also be improved by ensuring the proper application of loans;

(i) by supplying as far as possible the requirements of members (in kind) through direct arrangements with purchasing unions and consumers' stores which would supply the goods to the members by debit to the society's account. In the absence of such organizations, the society itself might supply the goods, but it should work strictly on indent system and should not undertake any trading risks, and

(ii) by a constant and careful supervision of the operations of societies and their members through an efficient supervisory staff whose cost of maintanance should be met by the State.

In order to increase the marketing finance available to the producer, the co-operative organizations should try to develop processing activities."

These steps are essential for the success of co-operative finance, and we endorse them for adoption by all co-operative credit organizations.

We understand that the system of continuity mortgage bond is already in vogue in some parts of this province. It deserves to be extended to the whole of the province.

11A. An important reason for delay in providing finance in this province is the multiplicity of agencies, which scrutinise a loan application before a loan is advanced.

The demands for finance required by members are assess by the secretary of the society and consolidated in a statement which is known as normal credit statement. This statement is prepared at the commencement at the agricultural season. After the demands are scrutinized by the managing committee and approved by the general meeting of the society, they are further scrutinized by the supervisor and the executive committee of the supervising union and then they are sent to the inspector of the bank, who sends them to the committee of the central bank for sanction. In case of the Provincial Bank, certain types of appplications for loans have to pass through the divisional Assistant Registrar. The arrangement is obviously unsatisfactory and must result in inordinate delay and discourage good men from joining a co-operative society. The Department should take up, in consultation with the Banks' Association, early steps reorganize the system of finance in order to make it more prompt and timely. We understand that the inconvenience caused by the present system is partly met by advancing a certain percentage of normal credit even before final sanction is received but this does not solve the difficulty of delay in obtaining final sanction for the full loan and the whole system needs to be overhauled. We do not think it should be necessary for the Bank Inspectors to re-examine, except in case of big loans beyond the normal individual loan limits the cases which have already been checked up by supervisors. Considering that in some districts in this province, the societies

are divided for the purposes of scrutiny and recoveries, between supervisors and Bank Inspectors, and that in many provinces of India (e.g. the Punjab), the banks do not maintain any inspectors, it would not appear to be risky to conclude that a scrutiny by a Bank Inspector after the cases have been examined by a supervisor should not be necessary. This should be particularly the case now that the system of supervision has been reorganised and we are suggesting that the Administrative Officer of the central bank should have effective hand in control of supervision staff. It should also be laid down that scrutiny of loan applications by supervisors should be according to the principles and policy accepted by the central financing agencies. It is also desirable that a senior field officer of the central bank, should at the time of submission of normal credit statements go round to give general guidance to the supervisors in their work and see that agreed principles and policies are followed.

Similarly, it should not be necessary for normal credit statements to be put up to the executive committees of supervising unions, and there would be a further saving of time if central banks delegate certain powers of sanction to their executive officers, subject, of course, to the necessary safeguards.

We also feel that the policy of not permitting any retention of cash with the Chairman of rural credit societies requires to be re-examined. It should be possible to keep some cash balance with them or with some other members of the managing committee. This should be done by a specific resolution of the general meeting, and should be allowed within limits to be laid by the general meeting, subject to suitable safeguards, so that advances can be made to members, from time to time, of small loans, without waiting for receipt of funds from the bank's branch.

12. *Agencies for supervision.*—We understand that at present, apart from audit, the work of a co-operative society is checked by two agencies—the supervisor and the Bank Inspector. The former looks to the general working of the society, while the latter examines its working from the point of view of the financial agency. As indicated by us in a previous paragraph, this arrangement involves duplication of work. General supervision includes supervision of the financial side of an institution and in case of a credit organization, must be mainly concerned with its finances. Moreover, with the reorganization of supervision scheme, and removal of the supervisors from the control of supervising unions, which consisted mainly of borrowers' representatives, the need for visits of Bank Inspectors, except in special cases, should cease to exist. We, therefore, suggest that the question should be re-examined, both to effect economy and to ensure efficiency. Under a reorganised scheme, it should be possible for the banks to dispense with majority of their Inspectors (who, with the increasing needs of the movement, can presumably be absorbed in the Co-operative Department or co-operative organisations) and reduce this expenditure. They should, however, have closer control over supervisors. For this purpose, we recommend the adoption of arrangements similar to those adopted in the Ahmedabad District, where entire field staff is controlled by a Staff Committee consisting of Assistant Registrar and two nominees of the Central Bank who represent the rural and urban side of the movement. Similar Staff Committees should be set up in other districts, and should consist of Assistant Registrar, Chairman of the Central Bank and a representative of Supervising Unions. This Committee should meet once in three months and generally guide the work of supervision in the districts, but the day-to-day control over supervisors should be exercised by District Co-operative Officer, and Administrative Officer or Senior Inspector of the Bank.

According to our proposals the Central Banks will be maintaining one Senior Inspector for giving guidance to the supervisors etc. and one or two Inspectors for the business relating to individuals and other special items of work. Apart from this, no Inspectors will be kept by the Banks, and their work will be done by the supervisors. This will, of course, involve a considerable increase in the number of supervisors as the present number is inadequate and will certainly be unable to meet the increasing needs of the movement.

13. *Recoveries.*—Efficiency of co-operative finance depends not only on satisfactory mode of advances but even more so on punctual repayment. Co-operative societies in this province enjoy certain facilities for recovery of their dues, which are recovered as arrears of land revenue, with the assistance of the regular revenue staff and when that is inadequate, special recovery officers. These measures have, however, not yielded the results expected of them, as can be seen from high figures of unrealised awards pending with the officers of the revenue department.

One reason for partial ineffectiveness of these measures is the time which has to be spent, after the default of a loan, in obtaining awards against the defaulters and then getting them executed through the revenue or civil agency. To minimise delay in this respect, we recommend that the Assistant Registrars of Co-operative Department should have powers, without undergoing the procedure of arbitration, to grant certificates for summary recovery of loans in indisputable cases, where they are satisfied that the loans have been defaulted and have become irrecoverable without resort to coercive processes. This provision exists already in respect of dues of the land mortgage banks, and deserves to be extended to the dues of other co-operative societies also.

We further suggest that the special recovery officers should be appointed and controlled by the Registrar, as is the case in Madras.

We should, however, warn the co-operators that they should not rely too much on revenue authorities for recovery of their dues. The members of the Managing committees, the Secretaries of village societies, the Supervisors and Bank Inspectors should exert themselves fully and should be normally able to recover the dues in vast majority of cases without recourse to coercive processes under the Land Revenue Code.

14. *Charge on the property of member.*—In our opinion, an automatic charge on a specified portion of the property of a borrowing member should be created by law, with a view to render it inalienable so long as the member is in debt. This would safeguard the interest of the society and would also benefit the member, as it would prevent the alienation of his property in favour of other creditors. It would facilitate his transactions with the society which can sanction cash credit, taking into consideration the value of the members' property, which has been rendered inalienable. The cash credit account would enable the debtor member to draw amounts according to his needs.

15. *Rate of interest.*—The Gadgil Committee has recommended that the maximum interest charged for development loans should be 4 per cent. and for current finance 6¼ per cent. The Bombay Money Lenders Act passed by the Bombay Legislature contains a provision that no money-lender shall charge a rate exceeding one notified by Government, which, however, will in no case exceed 6 per cent. for secured debts and 9 per cent. for unsecured debts. The question of the rate of interest is, therefore, not only important but is an urgent one and unless

the co-operative credit organizations can reduce their rates of interest to those recommended by the Gadgil Committee or laid down in the Money Lenders Act, they cannot be considered to have been able to carry out the functions envisaged by the Gadgil Committee for the proposed agricultural credit corporation.

The rates of interest charged by the co-operative societies not only vary from district to district but also from society to society, depending on their size, owned resources, and the rates at which they are able to borrow from the financing agency. The lending rates, however, generally vary from 6¼ to 9-3/8 per cent. but in case of comparatively new societies—particularly in Karnatak—the rates are even higher. The basic reasons for high rates of interest are, apart from the small size of primary units, (*a*) the high rates charged by the central banks, (*b*) high cost of running the societies and (*c*) their failure to raise local deposits, adequate for their needs. It is obvious that if the societies have to pay 6¼ per cent. to the central banks (as is the case even now, in some districts in Karnatak) they cannot charge much less than 9-3/8 per cent. to their members.

If, therefore, the members of co-operative societies are to receive credit at 6¼ per cent. or less, it may be taken as axiomatic that this will be possible only (*a*) if they can obtain funds from central banks etc. at 4 per cent. or less, and (*b*) if they do not spend more than 2¼ per cent. on their staff, stationery, rent, and other items of expenditure. With the first part of proposition, viz.: how to enable the central banks to advance money at 4 per cent. or less, we shall deal in the section concerning the central barks. Here we shall examine as to how it would be possible for the co-operative societies to manage within 2¼ per cent. available to them under our scheme. At present, the percentage of working expense to the working capital is about 4·4 per cent. The basic reason for the high cost of running the societies is the secretarial expenditure which in small units works out at a very high percentage. If, for example, a co-operative society with a working capital of Rs. 6,000 (many societies in the province have much smaller working capital) pays its Secretary, at Rs. 10 per month, the secretarial expenditure alone comes to 2 per cent. It is obvious, therefore, that unless the deficit is to be met by assistance from outside, the co-operative societies must be of a reasonable size. The societies which have a working capital of less than Rs. 10,000 are likely to be uneconomic and if they have to lend at 6¼ per cent. will require assistance from Government for meeting their secretarial expenditure.

We shall deal with the question of Government assistance, in a subsequent chapter, but in addition to the assistance from Government it should be possible for the societies to make some saving by observing rigid economy. Efforts may be made to employ village teachers as part-time secretaries of village co-operative societies. It should be possible to arrange with the educational authorities that the services of teachers are made available and they are not frequently transferred.

It may also be necessary to advise the managing committees to reduce their rates of interest to the fullest extent to which they can do with safety. At present, the members seem to prefer to earn high dividends on their shares to making a saving in payment of interest. It has been noticed that although the co-operative societies in this province have not secured large local deposits, their owned resources are nearly 60 per cent. of their working capital and are nearly equal to their total outstanding with members. This is largely due to substantial reserves and similar funds (112 lakhs) which are accumulated out of profits and the large yearly increase in these funds shows that the profits are high, and perhaps an unnecessarily wide margin is kept, at least in some societies, between borrowing

and lending rates. We also recommend that if any society charges more than 6¼ per cent. to its members, it should be debarred by law from declaring dividend at more than 4 per cent.

We think that a large number of the Co-operative societies should be in a position to work within a margin of 2¼ per cent. and bring down their rates of interest to the target accepted by us by adopting as many of the following measures as are feasible :—

(1) By increasing their size with a view to enable them to run as economic units.

(2) By collecting local deposits, where feasible, at low rates of interest.

(3) By undertaking multifarious activities, with a view to supplementing their profits.

(4) By cutting down all avoidable overhead expenditure.

Apart from these measures, it may be necessary for some societies to obtain Government subsidies towards expenditure on secretarial cost. Recommendations to this effect are being made in a subsequent chapter.

16. *Target.*—The Sarava Committee on post-war planning of the Co-operative Movement has recommended " that an attempt should be made to bring 50 per cent. of the villages and 30 per cent. of the rural population within the ambit of the reorganised primary societies within a period of ten years, into two 5 year periods ". We agree that an attempt should be made to reach this target, but it should not be at the expense of sound organization.

17. *Closer control over secretaries.*—We are suggesting in Chapter VII that the Government should give large-scale assistance in meeting the cost of the secretaries of village primaries. It is a natural corollary of that proposal and even otherwise desirable, that there should be adequate control over the secretaries and suitable arrangements should be made for their training and efficient work. We, therefore, suggest that the Co-operative Department may take up this question, and see that the village secretaries are properly trained and suitably guided. As far as possible, the secretaries should be recruited from the village where they are serving.

18. *Rural development activities.*—We have made detailed suggestions as to how the village co-operative societies can be strengthened and run more economically and efficiently. Their difficulties will, however, not be solved simply by dealing with the credit side of the life of the rural cultivator. In the last analysis, indebtedness of an individual is an index of his basic financial position and the problem of rural indebtedness will not be satisfactorily solved unless the basic financial position of the debtor improves. Therefore, all those who are concerned with the management, supervision and direction of village co-operative societies must aim at improving the general economic position of the members. The Secretaries of these societies, the supervisors, the departmental officers, apart from the honorary non-official workers, should see that all possible steps are taken for improvement of the economic position of the members of the village co-operative societies. These members should plan cultivation wisely, use improved seeds and suitable manure, market their agricultural produce on best possible terms, eschew all wasteful social customs and try to add to their income by taking up subsidiary industries, like poultry farming, dairying, etc. Unless this is done systematically and continuously, the advantages which a co-operative society can confer on its members will not be fully reaped and the credit societies will have to continue to face difficulties of one kind or another. We, therefore, urge upon the Co-operative Department

and other co-operative agencies working in villages that this aspect of their work should be continuously kept in view and efforts should be made to make the village co-operative societies, whether credit or multi-purpose, efficient instruments of rural rehabilitation.

Banking Unions.

19. There has not been sufficient experience of the working of Banking Unions in this province. The success of a banking union primarily depends on the availability of suitable local leaders and the ability of the management to tap adequate local deposits at low rates of interest. The central banks in this province have worked efficiently because they generally satisfy these conditions. If, in a particular area, a banking union is likely to satisfy these requirements to the same degree as a central bank or its branches, then the formation of a banking union on a taluka-wise basis would be desirable.

An ideal banking union would not only supply credit but also make available agricultural requisites like seeds, manure, implements and exercise supervision over the affiliated credit societies, apart from assisting in marketing the agriculture produce of the members. Where a purchase and sale organisation exists, the functions with regard to marketing should be carried out by that body. Where, however, a banking union exists, and is carrying out marketing functions efficiently presumably it will not be necessary to have a separate purchase and sale union. In these taluka headquarters or imilar big places where it is not possible to start banking unions and no suitable local agencies exist for marketing or supply of agricultural requisites, the branches of district central banks or the Provincial Bank, as the case may be, can carry out the functions of the banking union, as far as possible. It is desirable that the branches should have local advisory committees representing co-operative societies and individual clients.

We understand that the Reserve Bank of India has drawn up detailed instructions for organization of banking unions. These may be supplied to the officers of the Co-operative Department and followed, as far as possible.

We should, however, like to emphasize that a competent and well trained manager is *sine qua non* for the success of a banking union, and Government should subsidize the unions in initial stages, so that they can secure the services of competent managers.

District Central Banks.

20. We have stated in an earlier chapter that the position of the district central banks in this province is generally satisfactory. Their financial condition is sound and they have been, generally, in a position to attract to their management able and devoted workers. The position of the central banks, however, varies considerably from district to district and certain unhealthy tendencies are noticeable which, if not checked in time, may seriously affect their usefulness.

21. *Weaknesses.*—An unhappy tendency, discernible so far only in a few banks, is the growing indifference of some of these institutions to the needs and the view point of the village primaries. It has been noticed that the business which these banks are doing with the individual borrowers—very often traders—is almost as extensive as with the co-operative societies. Individual finance was allowed, as the central banks had large surplus funds, and this business has enabled them not

only to make profits, some of which could be used for the co-operative movement, but also to develop banking in areas, not covered by joint-stock banks. Some of these banks are, however, beginning to look upon their business with the co-operative societies (for which they were organised) as risky and unpleasant. This tendency has to be firmly curbed if the central banks are not to become useless for the purpose for which they were organised, and we hope that no considerations of autonomy of the co-operative institutions will be allowed by the Government or the co-operators to interfere with the fundamental need for seeing that the central banks perform the duties, for which they were organised, efficiently and wholeheartedly.

The difficulty, we have referred to above, arises in case of those central banks where urban elements are predominent in the directorate, but occasionally a weakness of an equal danger develops in case of the banks where the rural elements have the upper hand. In the latter type of banks, there is close harmony between the central banks and the rural societies, but often the management is not as efficient and as economical as it should be. Therefore, these banks occasionally spend on their management more than they should and have to maintain wide margins between the borrowing and the lending rates.

22. *Need for an agency for supervision.*—Both these weaknesses have to be removed if the central banks are to work efficiently and for this purpose, it will be necessary to name an agency which should be responsible for the supervision of the central banks and should be able to see that the general principles of finance, accepted and approved by Government, are observed. It should be possible, for example, for this agency to take measures to see that finance is made available by the central banks at the rates and on the lines approved by Government. If, in a certain district, the co-operative credit societies do not take advantage of a central bank and there is no happy collaboration between the central bank and the primary societies, it should be open to this agency to enquire into the causes of this phenomenon and suggest remedies. Similarly, where the central financing agencies maintain wide margins between borrowing and lending rates, on account of unnecessary branches which are working at a loss or some other item of avoidable expenditure, the supervising and co-ordinating agency should be in a position to examine the question and help the central financing agency by constructive friendly advice.

While the change of policy we are suggesting may appear something of a departure from the strict freedom of co-operative organizations, we are happy to state that we are making this recommendation with the consent of the representatives of central financing agencies, who met the Committee.

As regards the agency for supervision and co-ordination, some representatives of the central financing agencies, stated that these functions should be carried out by the Co-operative Department. When, however, it was suggested to them that possibly the Provincial Bank could exercise these functions, they agreed to this, on the condition that the Provincial Bank was suitably reorganized. We agree that a reorganized Provincial Bank would be the most suitable agency for exercising that supervising and guiding influence, which the co-operative credit movement in the province will require for handling bigger responsibilities.

23. *Constitution.*—As in the case of the banking unions, we do not suggest any reorganisation of constitutions of the district central banks, at this stage. However, if in course of time, it is felt that some reorganization of their constitution

is essential in the interest of the movement, the Department or the Provincial Bank can take up the question with the bank concerned.

24. *Membership.*—The central banks should primarily be co-operative institutions, with membership confined to primary societies, but where individuals have been admitted, it should be the definite aim of these institutions to keep within suitable limits their transactions with the individuals. Certainly business with individuals should not absorb the attention of any central bank to such an extent as to make it apathetic to its normal functions of financing rural societies or to render it incapable of carrying out these functions efficiently on account of its funds being locked up in finance to individuals. Where nominal members have been admitted, they should be for a temporary period, and as far as possible, they should be induced to join some primary societies which may be started in course of time.

25. *Borrowings.*—Under Rule 8 of the Bombay Co-operative Societies Rules, 1927, the central financing agencies are required to keep their deposits within eight times the total amount of their paid up share capital, accumulated reserve fund and building fund minus accumulated losses, etc. Of late, it has not been possible for them to adhere to this rule owing to easy money market conditions and Government had to relax these provisions as a temporary measure, to enable them to receive deposits over and above the limit prescribed in Rule 8. In Madras, the normal ratio between the owned funds and outside borrowings is, for the Provincial Bank 1 : 12 and for the central banks, 1 : 10, while in case of commercial banks also, we understand that a ratio of 1 : 10 between owned funds and deposit liabilities is considered as representing a state of normal capitalization. It should be, therefore, possible in Bombay also, to change the normal basis of borrowing. The question of suitably amending the Rule 8 may, therefore, be taken up, but care should be taken to see that approved banking principles are not violated.

26. *Rate of interest.*—The average borrowing rate of the district central banks is 1·8 per cent. while their normal lending rate to the societies for purposes, other than those of crop finance, varies between 4·5 per cent. and 6·25 per cent., subject, in some cases, to a rebate of ½ per cent.

This means that the central banks maintain very wide margins between their lending and borrowing rates (2·7 per cent. to 4·4 per cent.). This is obviously an unsatisfactory state of affairs. We have elsewhere stated that it will not be possible for the rural societies to make funds available to ultimate borrower at 6·25 per cent. unless they get funds from the central banks, etc. at 4 per cent. or less and do not have to keep a margin of more than 2·25 per cent. We think that if a central bank cannot advance money within 4 per cent. it cannot be considered to be functioning satisfactorily and its working should be a matter for examination by the Provincial Bank or the Co-operative Department.

We have examined the factors which are responsible for existence of wide margins between borrowing and lending rates of the central banks and think that, with suitable re-organization of the working of these banks and limited Government assistance, it should be possible for them to reduce their lending rates to 4 per cent. The principal measures, which will be necessary for this purpose, will be the following :—

(1) Borrowing rates should be kept low. If in any area general rates for deposits are abnormally high, funds may have to be obtained from outside at low rates of interest. Provincial Bank should help by pooling together the surplus funds of the movement and making them available to the central bank requiring them, and where this is not enough, Government may make funds available.

(2) There should be rigid economy in the working of the banks. All avoidable expenditures on travelling allowances, conferences etc. should be avoided.

(3) The cases of all uneconomic branches which are not really necessary, should be examined. If the branches which are not self-supporting are necessary for proper distribution of funds, Government should give subsidies to meet deficits on their working; otherwise, they should be closed.

(4) Work of departmental supervisors and Bank Inspectors should be closely co-ordinated. Except for a small number of Inspectors, who may be necessary for special items of work, it should be possible to retrench others and absorb them in the Department or in co-operative organisations.

(5) Central banks should not be expected by Government to make good deficit in the working of the Special Recovery Officers. Recovery of dues of co-operative societies, as arrears of land revenue, is a statutory privilege and Government may be expected to find means and funds to carry out this responsibility.

(6) Those central banks, which are unable to make funds available to societies at 4 per cent. without special assistance from Government, should be debarred from declaring a dividend above 4 per cent.

(7) The present arrangements for maintaining fluid resources should be re-examined by the Co-operative Department in consultation with the Bombay Co-operative Banks' Association and the Reserve Bank of India.

27. *Relations with primaries.*—A central bank must serve as a friend and guide to the societies affiliated to it. It should look after the whole life of the members of the society and aim at effecting a general improvement in their condition.

In this country, Government has generally fought shy of reforms in social and religious customs even though the economic disabilities imposed by them are generally recognized. Time has come when the co-operative movement should face these problems and try to reduce the unproductive expenditure imposed upon the rural population by expensive social habits.

A central bank can do a great deal in this direction. The central banks have field staff, and in addition, they have substantial funds for "Education and Propaganda". Each bank should utilize its funds earmarked for "Education and Propaganda" to help the villagers to reorganize their life, in matters of health and sanitation, in agricultural development, in banking and business, in every thing that produces more and reduces expenditure or turns deficit economy into surplus. Unfortunately, the co-operators have attended to sections of life—to credit at first, to multi-purpose now,—but they must take the whole life and organize the movement on that basis. In this, the central bank which are the pivot of the co-operative movement, must take a more active part. The banks must aim not only at proper distribution of credit, but also at making members credit worthy where they are not. Only then the movement will receive the active co-operation of the villagers and be a real boon to the people.

Bombay Provincial Co-operative Bank.

28. We have outlined the present position of the Bombay Provincial Co-operative Bank in Chapter II and have also indicated in the section relating to central banks, that the Bombay Provincial Co-operative Bank will have to supervise and guide the working of the central banks and to function as the central pivot of

the co-operative movement. With this objective in view, some reorganization of the Bombay Provincial Co-operative Bank would be necessary, in order to make it more representative of all the interests involved in rural credit structure of the province.

29. At present, there are 15 directors on the Board of Directors of the Bombay Provincial Co-operative Bank, including the Managing Director. The representation allotted to different sections is as under :—

7 Representatives of individual shareholders.

3 Representatives of central banks.

2 Representatives of urban banks.

3 Representatives of agricultural societies.

It will be noticed that the agricultural interests are not well represented on the directorate, as compared with individual shareholders. Similarly, Government, which under our scheme, will be so deeply concerned with the well-being of the rural credit structure in the province (and which, under the scheme recommended by the Gadgil Committee was to nominate the majority of directors of the Agricultural Credit Corporation), has no representation at all. We, therefore, recommend that the Board of the Provincial Bank may be reorganized so as to consist of :—

3 Representatives of district central banks ;

1 Representative of banking unions or other agencies functioning as financing agencies ;

3 Representatives of individual shareholders ;

1 Representative of urban banks ;

2 Representatives of primary and other societies functioning in the areas in which the Provincial Bank functions as a district central bank ;

1 Representative of marketing organisation in the province ;

3 Nominees of Government, who might be :—

(1) Registrar of Co-operative Societies,

(2) Secretary to Government, Finance Department,

(3) One Banking or Financial Expert nominated by Government in consultation with the Chairman of the Provincial Bank.

1 Managing Director of the Bank.

In addition, the Board should have power to co-opt one or two directors. In case, the Registrar, Co-operative Societies or the Secretary, Finance Department, cannot attend any meeting, presumably an officer deputed by him will do so.

30. It was suggested to us that in the area in which the Provincial Bank is functioning as a central financing agency, district central banks should be started, so that the Provincial Bank may become a proper apex institution. We recognize the force of this suggestion, but we realize that the Provincial Bank has continued to function as a central financing agency in many areas owing to certain peculiar circumstances prevailing in those areas and the arrangement, though theoretically objectionable, has worked well in practice. While, therefore, recommending that in areas where suitable district central banks or banking unions with a guarantee of efficient and economical management can be formed, they should be encouraged, we think that it should not be necessary to insist on the

Provincial Bank ceasing to be a central financing agency in all areas, immediately, and in our scheme of things, we have anticipated that the Provincial Bank will continue to lend directly to primaries, at least in some areas.

31. We have already pointed out in the section dealing with "Central Banks" that the reorganised Bombay Provincial Co-operative Bank should exercise that supervising and guiding influence which the co-operative credit movement in the province will require for functioning satisfactorily and handling bigger responsibilities. In view of the assurance given to us by the representatives of the central banks and in view of the past happy history of the co-operative credit movement in this province, we do not anticipate that the re-organized Provincial Bank will have any real difficulty in exercising a healthy degree of supervision and guidance over the district central banks and banking unions and through them, over primary co-operative societies. If, however, any difficulties are experienced in any particular case, the question of what steps should be taken with regard to the unit involved, can be taken up by the Provincial Bank with the Co-operative Department. The question of delegating to the reorganized Provincial Bank suitable statutory powers—somewhat on the lines of the powers enjoyed by the Reserve Bank, with reference to the scheduled banks—may also be taken up in due course.

32. We have suggested, elsewhere, that the Bombay Provincial Co-operative Bank should arrange for pooling the resources of the movement. For this purpose, it may be necessary, at a later stage, to make investment within the movement (by the urban banks etc. with the central banks and by the central banks with the Provincial Bank) obligatory. For the present, we recommend that either the powers of the Registrar under section 37 (*d*) of the Bombay Co-operative Societies Act, 1925, should be conferred on the Provincial Bank or the Registrar should use these powers to see that investments outside the movement is allowed only after the needs of the movement have been met.

33. *Additional functions of reorganised Provincial Bank.*—The reorganized Provincial Bank, especially with the new functions allotted to it, will serve as the pivot of the co-operative movement. It will, of course, be the linchpin of the credit machinery—which is today the most important co-operative activity in the province,—but it should also help and guide the movement in other spheres. As the apex credit institution, it will have to act as a balancing centre for the finances of the movement, give necessary guidance to the affiliated institutions, and be the main source of contact with the Reserve Bank of India. It will also see that the central banks are run on approved banking lines and carry out their functions properly. In addition, it should lend a helping hand to co-operative institutions in other spheres of work. For this purpose, it may have to closely associate itself with other provincial organisations connected with marketing, rural insurance, village industries, agricultural development, land mortgage business and similar specialised institutions serving the co-operative movement, and it may be desirable to evolve a suitable consultative agency of all these organisations, so that the movement can be closely integrated.

34. *Funds.*—The Bank has enough funds to finance the present needs of the movement and if more funds are required, we expect, it will be able to raise them, without any serious difficulty. As a matter of fact, not only the Provincial Bank but also the whole movement has, at present, more funds than it can absorb.

There is, therefore, no need for additional funds, for the time being. If the primary societies are developed, as suggested by us in the earlier part of this chapter, still more funds will be available. But it is possible that with the increased activities, some central banks—particularly those in Karnatak—will need more funds than they can raise within their areas. Provincial Bank can, at such a time, perform a very useful function by working as a balancing institution and passing on funds from surplus areas, like Gujarat, to the Banks that need them. Where the movement cannot supply funds even with this arrangement, Government should make funds available at a low rate of interest.

35. It was urged before us that Government should give a sum of Rs. 50 lakhs towards the reserve fund of the Bombay Provincial Co-operative Bank and also guarantee 5 per cent. dividend on its share capital, if the Bank is asked to occupy a pivotal position in the co-operative movement and to undertake the responsibility and the risks attached to that status. We have very carefully examined this proposal. At present, as pointed out by us, the representatives of the individual shareholders (who number 7 out of 15) and of the urban banks have a clear majority in the Board of Directors. The advances of the Provincial Bank to individuals (mainly merchants and traders) were on the 30th June 1946, about Rs. 89 lakhs as against Rs. 91 lakhs advanced to co-operative societies. All the same, it occupies a very prominent position in the co-operative structure. It serves as a central bank in a large part of the province, maintains nearly 52 branches and pay offices, and in a way, functions as a balancing institution for the co-operative movement.

We appreciate the fact that when the Bank is asked to take the responsibility of guiding and controlling the whole movement, as it should, and at the same time is asked to undertake the risky business, such as the development of backward areas, suggested elsewhere, it may be necessary that the share capital of the Bank should be guaranteed dividend at the bank rate, if the Bank finds it difficult to raise further capital for its enlarged functions. For the present, we do not see any need for recommending the concessions asked for. In the meanwhile, every encouragement should be given to the Bank, so that in course of time it is able to perform the functions envisaged for a real apex institution. The co-operative movement should be owned, controlled and guided by the co-operators and the co-operative institutions and the Provincial Bank should assume and exercise powers of regulating the business of the central banks and even the entire co-operative movement, without depending on the State, either for financial support or supervision. Ultimately, the Government agency should perform only the minimum statutory functions. To this objective, the whole movement should be led.

We have no doubt that in course of time, the Bombay Provincial Co-operative Bank would be able to assume that responsible position which has been envisaged for the agricultural finance corporation.

In the meanwhile, in order to work for the achievement of the ideal, we have suggested that the development of the backward areas should be entrusted to the Provincial Bank, for the present, at Government cost and risk, and that two high officers of Government should be associated with the directorate of the Bank.

36. *Co-operative banks' association.*—We have suggested that Bombay Provincial Co-operative Bank for exercising supervisory and other functions with regard to the central banks, as even otherwise, this institution has to function as the balancing centre for the finances of co-operative banks and to come to their aid at times of need, and also as it has built up an efficient organization and has been working on healthy, co-operative lines. While making this recommendation, we are presuming that in the exercise of its supervisory and similar functions, the

Provincial Bank will make the fullest use of the Co-operative Banks' Association, which it has done so much to develop. In this province, even the Co-operative Department has been consulting the Co-operative Banks' Association on all major questions of policy, concerning the central banks and surely the Provincial Bank, which is a non-official co-operative institution, will be making even a greater use of that body. We expect that all general questions concerning the supervision and working of the central banks will be discussed by the Co-operative Banks' Association, and the Provincial Bank will function, largely, as an instrument for carrying out the agreed policy of the Co-operative Banks' Association.

We also recommend that early steps should be taken to get the Association registered under the Co-operative Societies Act.

Long-term Finance.

37. The recommendations which we have made so far, mainly concern short-term credit. The Gadgil Committee has recommended that there should be one and the same agency for supply of short-term and long-term credit. We have examined the question and do not consider that it will serve any useful purpose if the Provincial Land Mortgage Bank is merged with the Provincial Co-operative Bank. Even if the work were to be transferred to the Provincial Bank, that Bank will have to maintain a separate department for long-term finance and will have to raise funds on the same lines as the Provincial Co-operative Land Mortgage Bank. Thus, there would be very little saving in expenditure or gain in efficiency. We, therefore, recommend that the Provincial Land Mortgage Bank should continue to work as it does today, but position with regard to the primary land mortgage banks requiries to be re-examined. Many of these banks are starving for want of business and are unable to pay dividend to their shareholders. They also suffer under certain handicaps, as compared with the district central banks. The primary land mortgage banks do not possess the same means for keeping close contact with the co-operative societies and rural cultivators, which the central banks, with their inspectorial staff and branches, possess. Besides, it was stated in evidence before us that one reason for inadequate business of the land mortgage banks was that some loans which were really long-term loans were often advanced under the guise of short-term loans by the credit societies and the central banks. It should, therefore, be desirable in cases, where the primary land mortgage banks are working at a loss, to transfer their work to the central financing agency operating in that area. The central financing agencies should, however, distribute long-term finance as agents of the Provincial Land Mortgage Bank. They should keep a separate department for this business and obtain all the funds required for the purpose, from the Provincial Land Mortgage Bank (which will continue to raise them by issue of debentures) and carry out all the existing safeguards about scrutiny of loan applications. It follows, as a corollary of our recommendations, that future registration of new land mortgage banks should not be encouraged in the areas where there are no land mortgage banks. Their work should be taken up by the district central banks. We have noticed that the provisions of section 55 (amended section 33) of the Bombay Agricultural Debtors Relief Act do not provide for consultation with the land mortgage banks before passing of the awards and that they are under a statutory obligation to pay up all the awards passed under the said section. These provisions, in our opinion, are financially unsound and we recommend that the land mortgage banks should have full liberty in selection or rejection of the cases, which are passed on to them.

One of our colleagues (Diwan Bahadur Kaji) is of opinion that where primary land mortgage banks work at a loss or do not exist, the Provincial Co-operative Land Mortgage Bank should do the work directly by opening branches. His view is that the long-term business of such areas should not be transferred to the district central banks unless the Provincial Co-operative Land Mortgage Bank does not think a branch of its own practicable or desirable. We, however, have not accepted this view, as, in our opinion, the Provincial Land Mortgage Bank will not have the same intimate, local contacts or adequate inspectorial staff, which a central bank is normally able to have, expect at a very high cost. A branch of the Provincial Land Mortgage Bank will suffer from all the handicaps, from which many small, uneconomic primary land mortgage banks are suffering today, and hence we have suggested, following, with some modifications, the principle urged by the Gadgil Committee, in that in these areas, the same agency, viz: the central banks, may distribute both short-term and long-term finance.

38. *Rates of interest.*—The Gadgil Committee has recommended that development loans should be advanced at 4 per cent. The Bombay Provincial Co-operative Land Mortgage Bank advances loans to its primaries at rates varying from 4·5 to 5 per cent., while the primary land mortgage banks advance loans to their members at rates varying from 6 to 6·5 per cent. It will not, however, be possible for land mortgage banks to advance loans at the rate recommended by the Gadgil Committee, unless Government gives substantial assistance for this purpose.

Co-operative Marketing.

39. *Marketing organizations.*—We have briefly described in Chapter II, the position of co-operative marketing organizations operating in this province. We feel that there should be a complete harmony and close coordination between the working of the credit institutions and marketing organizations. In areas, where there are no marketing organisations, the central banks should encourage formation of these institutions and till such institutions are organized, they should themselves arrange for performance of these functions by opening of sale shops, etc. in conjunction with their branches.

40. *Finance and marketing.*—The bye-laws of the rural credit societies contain a provision for grant of loans against agricultural produce and their sale through marketing organisations. The bye-laws of purchase and sale organisations have similar provisions, but it is not known how far the undertaking about the sale of their produce through co-operative organisations is honoured in practice by the members of the credit societies. Now, however, that section 53 of the Bombay Agricultural Debtors Relief Act makes it an offence to sell to unauthorised persons agricultural produce raised with the help of crop finance obtained from a co-operative society, it should be possible to effectively insist that debtors of co-operative credit societies sell their produce through co-operative marketing organizations. We draw the attention of all concerned to this and suggest that they should see that relevant provisions of the Bombay Agricultural Debtors Relief Act are properly carried out and credit and marketing effectively linked together.

The volume of finance to agriculturists for purpose of marketing could be considerably increas d by improving the arrangements for the marketing of crops by—

(*a*) grading and standardization of staples,
(*b*) proper storage facilities, and
(*c*) creation of properly regulated markets.

These reforms will not only reduce the cost of marketing to the grower and ensure him a fair price but will also encourage the co-operative marketing organisations to play a greater part in financing the sale of agricultural produce.

An effective means of ensuring flow of finance to agriculturists would be the establishment of licensed warehouses and making their receipts a negotiable instrument. We understand that the Government of Bombay contemplates introduction of a bill for regulation of licensed warehouses in this province Bombay Government is also giving loans for building of godowns by co-operative organisations, but much use has not been made of these facilities, possibly as they do not go far enough. We recommend that facilities, at least, on the lines allowed by Madras Government may be provided by the Government of Bombay.

41. *Committee to review co-operative marketing.*—We have already indicated that in this province the co-operative marketing has reached a fairly high stage of development. During the last 6 or 7 years, substantial progress has been made and a stage has been reached, when it appears necessary to examine the whole question with a view to secure proper co-ordination and integration of work in the districts and talukas and the provincial headquarters, as also linking credit with marketing in an effective manner. We, therefore, suggest that Government may appoint a small committee to consider the problem and recommend the lines on which the future development of co-operative marketing should be guided in the province and proper co-ordination of various units secured.

Miscellaneous Recommendations.

42. *Reserve Bank.*—We have made various recommendations regarding the co-operative credit organisations working within the province. In addition, the Reserve Bank of India can be of great help to the co-operative institutions functioning in this province as well as in other parts of India. At present, the Reserve Bank gives general guidance to the co-operative credit movement in the country and has built up a separate section for Agricultural Credit, which has collected useful information about co-operative institutions in this country as well as others. The Reserve Bank has also prepared a special scheme for giving finance at 1·5 per cent., to Provincial Banks and through them to the central banks, for marketing of crops. For various reasons, however, it has not been possible for the co-operative banks to take full advantage of these facilities. It is desirable that the whole question should be satisfactorily settled, so that the co-operative banks can take full advantage of the offer made by the Reserve Bank. At the same time, it is essential that procedure and arrangements for assistance to the Provincial Co-operative Banks by the Reserve Bank in emergencies should be clearly laid down, so that there may be no delay or difficulty, in meeting the requirements of Provincial Banks, in times of stringency. The fact that the movement is likely to expand considerably lends urgency to the solution of this problem. We, therefore, suggest that the Reserve Bank authorities and the representatives of the Provincial Bank should come together and evolve satisfactory arrangements.

A solution of the problem will involve, we presume, the adoption of a more liberal policy by the Reserve Bank. In particular, it would be desirable to extend the period of loans for agricultural operations from 9 to 15 months as also arrange for easier negotiability of co-operative paper.

Regarding marketing credit, the principle of the borrower being independent of the warehouseman should be waived in case of co-operative societies. If a co-operative society functioning for marketing has stocks of agricultural or other produce, such stocks should be eligible as security for advances from the Reserve Bank, which should be satisfied with the signature of the marketing society plus the Provincial Bank. We also endorse the recommendations of the Gadgil Committee that the authorities of the Reserve Bank may consider the desirability of further reducing the rate of interest, at which funds are made available to the Provincial Banks, for marketing of crops, on the condition that the benefit of lower rates is passed on to the ultimate borrower.

The Reserve Bank does not accept debentures of co-operative land mortgage banks as eligible security under Section 17 (*4*) (*a*) on the ground that they are not marketable. As interest and principal of these debentures are guaranteed by Provincial Government, we hope, it would be possible for the Reserve Bank to revise its attitude with regard to these debentures.

The Reserve Bank of India Act does not require the Provincial Co-operative Bank to maintain any cash balances with the Reserve Bank. That Bank has, however, laid down that a Provincial Bank which wants accommodation should maintain with it not less than 2½ per cent. of demand and 1 per cent. of the time liabili ies, without receiving any interest for the same. As this condition means extra int rest cost to a Provincial Bank and as it is not a statutory requirement, we ecommend that the Reserve Bank should not insist on such a condition or at least should agree to an arrangement (e.g. by giving permission to use these funds as till money) by which the Provincial Banks may not lose any interest. We understand that many of these proposals are engaging the attention of the Reserve Bank and we hope that early action will be taken.

43. *Free remittance facilities.*—The privilege of remittance transfer receipts, at par, for *bona fide* co-operative purposes, which was enjoyed by the co-operative societies for long, has been lately withdrawn, with the result that co-operative societies are required to pay on their remittances. This not only restricts the transfer of funds but also increases the incidence of cost to the ultimate borrower. We, therefore, recommend that the concession of free remittance transfer receipts should be restored. If, for this purpose, the Provincial Government has to reimburse the Reserve Bank for the expenses incurred, we hope, it will agree to do so.

44. *Rural credit board.*—We have dealt with the readjustments which will be necessary in the co-operative movement itself to enable it to carry out the functions of the proposed agricultural credit corporation. In addition to the changes within the movement itself, we recommend the appointment of a small provincial rural credit board, which might meet twice a year and generally review the arrangements for rural finance, including those made through co-operative credit societies. Government in this province is having an increasing stake in rural credit—through tagavi, advances of grain banks and guarantee and other assistance to the co-operative societies—and not only is it desirable from the point of view of Government but it also owes this to the public that the arrangements for rural credit should be periodically reviewed and kept at a high level of efficiency. The Board which we recommend should be presided over by the Honourable Minister-in-charge of Co-operation, and the Director of Agricultural Marketing and Rural Finance should be its Secretary. In view of the increasing commitments of Government towards rural credit, a senior officer of the Finance

Department (either Secretary or Deputy Secretary) should be a member of the Board, in addition to the Chairman of the Bombay Provincial Co-operative Bank and the Secretary or Deputy Secretary of the Revenue Department and two other suitable persons nominated by Government. This Board should keep in touch with the manner in which arrangements for rural credit are working and consider complaints and reports received about these arrangements.

CHAPTER VI.

Special Arrangements for Co-operatively Undeveloped Areas.

In the last chapter, we have described how the existing co-operative machinery can, with suitable re-organization, cope with the task of providing finance to credit-worthy borrowers on the terms recommended by the Agricultural Finance Sub-Committee. In arriving at these conclusions, we have drawn upon the data, available to us, about the development of the co-operative movement in what may be termed as the normal areas, i.e., the areas where co-operative movement has developed or is capable of expansion under normal circumstances. This, however, is not the case everywhere, and certain areas require special treatment. Co-operation, for its success, demands a certain degree of solvency, intellectual development and character and may not be, in an unmodified form, the ideal solution everywhere. The areas, which will require special arrangements, are those which are :—

(A) mainly inhabited by Bhils and other aboriginal tribes;

(B) normally liable to famine or have a low state of agricultural prosperity owing to the hilly nature of the tract or existence of forests,

and

(C) having a system of land tenure, like Khoti, Talukdari or Bhagdari, etc., which reduces the creditworthiness of the landholders.

We shall deal with these areas seriatim.

2. To begin with the areas, which are largely inhabited by aboriginal tribes, the following tracts in this province have been notified as the partially excluded areas :—

In the West Khandesh district, the Shahada, Nandurbar and Taloda talukas, the Nawapur Peta and the Akrani Mahal and the villages belonging to the following Mehwassi Chiefs, viz., (1) the Parvi of Kathi, (2) the Parvi of Nal, (3) the Parvi of Singpur, (4) the Walwi of Gaohali, (5) the Wassawa of Chikhli and (6) the Parvi of Navalpur.

The Satpura Hills reserved forest areas of the East Khandesh district.

The Kalwan taluka and Peint Peta of the Nasik district.

The Dahanu and Shahapur talukas and the Mokhada and Umbergaon petas of the Thana district.

The Dohad taluka and Jhalod mahal of the Panch Mahals district.

3. The normal method of supplying finance in these areas—apart from the transactions of money-lenders—is by grant of tagavi and through grain depots run by the Revenue Department. The success of grain depots which were started in Thana as early as in 1905 has led to the extension of this simple machinery to other districts like West Khandesh, Nasik, Kolaba. The grain depots are divided into two categories—according to whether they are registered under the Thana or the Igatpuri model. Under the former model, the borrowing members are required to repay the loans with an addition of 16-2/3 per cent. in kind, towards interest while in case of the latter model the loans are required to be repaid with an addition of 25 per cent. in kind, out of which 16-2/3 per cent. are credited towards interest and the remaining 8-1/3 per cent. to the share amount of the borrower. The total number of grain depots, as on the 30th June 1946, was 672 and the value of grain distributed by them was Rs. 1,84,181.

4. After the close of the year 1943-44, Government approved the principle of conversion of grain depots and other recently started distribution centres in the Aboriginal and Hill tracts of West Khandesh and other similar areas, into grain *cum* commodity depot in every talati's "saza" in these tracts.

5. The co-operative movement has made a limited progress in these areas, but in the Bhil tracts of Dohad and Jhalod, it has been a marked success. Its operations there have, however, been facilitated (*a*) by the existence of special departmental machinery for organization and supervision of Bhil societies in the area, (*b*) by co-operation of competent non-official workers of the Bhil Seva Mandal, and (*c*) by special interest taken by the Provincial Bank.

6. The question we had to consider, in this connection, was whether we should recommend, for these areas, an extension of the co-operative movement, or of the grain or grain *cum* commodity depots managed by the revenue officials. We think that in the areas where conditions which facilitated the success of the co-operative movement in Dohad and Jhalod exist, it would be best to encourage the co-operative movement. So far as the three factors which led to the success of the co-operative movement in Dohad and Jhalod are concerned, we presume that there will be no difficulty in Government setting up a special administrative machinery. Similarly, we hope that the Provincial Bank will lend its helping hand in all the cases deserving of help. The question, whether in a particular area the co-operative movement should be extended or the official agency adopted, will, therefore, have to be decided in the light of the quality of local non-official leadership. In the areas where trained and dependable non-official workers are available, it will be best to encourage the co-operative movement, with special arrangements similar to those which have been adopted in Dohad and Jhalod. In other areas the system of grain *cum* commodity depots may be encouraged, but it would be useful to have an Advisory Committee, consisting mainly of the Bhils and others interested in the welfare of Bhils (including a representative of the Provincial Bank), to advise the revenue authorities about the working and management of these depots.

7. In areas where it is decided to meet the demands of Bhils through the co-operative movement, it may be uesful at a later stage, to set up "Agricultural Banks" to finance individual cultivators as well as co-operative societies. These banks should function like multi-purpose units and should deal (like the existing co-operative societies in Dohad and Jhalod) in kind. The administration of such banks should be entrusted to the Provincial Bank, which has had special experience of work in Dohad and Jhalod and in whose area of operation most of the tracts

inhabited by aboriginal tribes are situated. The Agricultural Bank would, of course, receive special assistance from Government, which should make good all the deficit in its working. In the beginning, probably all the shares of the bank will have to be bought by the Provincial Government and the Provincial Bank, but in course of time, Adivasis who wish to become its share-holders and the affiliated societies for Adivasis, should be allowed to buy its shares. No person who is not an Adivasi (apart from persons specially interested in uplift of these people) should be permitted to hold shares of an Agricultural Bank set up for the aboriginals. Intelligent Adivasis should be taken as its directors, but the success of the bank will depend upon the selection of the manager, who should be well-paid, should know his business and should have full sympathy for the people. He should be assisted by a staff of competent Adivasi inspectors, equally honest, intelligent and painstaking, and they should be instructed to form co-operative societies amongst Adivasis, and/or select clients for the Agricultural Bank.

8. Whatever agency is selected in various areas, we consider it imperative that the State should also look to other aspects of the condition of Adivasis, besides supply of finance. Attempts should be made to improve the general economic condition of the Adivasis and particularly to ensure that their lands do not pass into the hands of the money-lenders. Where these lands have already passed out of the hands of Adivasis, attempts should be made to see that they are returned to original owners and are cultivated by them, on the basis of low cash rentals. Possibly co-operative rent societies may be formed for villages inhabited by aboriginal tribes to work under the auspices of the Agricultural Bank, so that all contacts of the Adivasis with the money-lenders are broken.

9. We would also suggest that Government should appoint a special committee to study the conditions of Aboriginal tribes whose members number more than 5 lakhs in this province. A representative of the Provincial Bank, if not also of the Co-operative Department, should serve on the Committee, which should review the measures already taken for the welfare of the aboriginals and their results, and suggest future measures.

10. The main areas which are liable to famine in this province are as under :—

Name of the District.	Taluka or part of the taluka.
1. Bijapur ...	... The whole district.
2. Belgaum ...	... Saundatti taluka and Murgod Mahal.
3. Dharwar ...	... Gadag, Navalgund and Ron.
4. Satara ...	... Man, Khatav and Khanapur.
5. Poona ...	... Sirur, Dhond and Indapur.
6 & 7. ...	... Parts of Sholapur and Ahmednagar districts.

In some of these areas, the co-operative movement has not been fully developed, owing to the fact that the crops are usually poor, and the areas are visited by frequent famines. On account of this, the rates of interest charged by societies are comparatively high, as they have to maintain wider margin for meeting losses. In view of this, we fear that the co-operative banks may be reluctant to undertake finance in the poorer and undeveloped parts of these areas, unless Government agrees to make good, all losses on account of bad debts.

11. There are also other areas which could not be developed on account of difficulties of communication, due to the hilly nature of the tract or large parts being under forests. They are, mainly, as under :—

(1) Mahableshwar peta in the Satara district.

(2) Siddapur, Ankola, Yellapur, Mundgod, Hallyal and Bhatkal talukas and Supa peta in the North Kanara district.

(3) Western part of Khanapur taluka in the Belgaum district.

The development of co-operative movement in these areas presents a number of difficulties and it has not been possible to achieve substantial results, even after concentrated efforts. Due to extensive forests, particularly in North Kanara, difficulties are experienced in free movement of workers, protection of crops against ravages of wild animals and from malaria etc. We, therefore, feel that finance in these areas by co-operative societies will be difficult and expensive and the best method of supply of finance in the major part of these areas would be by distribution of tagavi or through grain banks.

12. In addition there are areas with restrictions on alienation of land, which provide equally taxing problems. There is Khoti tenure in the districts of Ratnagiri and Kolaba, while in some parts of the Ahmedabad district, there is Talukdari tenure. Under both these systems—as under Bhagdari system prevalent in some villages of Broach—alienation of land is restricted and difficulties have been experienced in recovery of advances made by co-operative societies. We, therefore, recommend that the areas which have a system for land tenure, like Khoti, Talukdari or Bhagdari, should also be left to the State of advances, either through tagavi or grain banks, till the system of land tenures is reformed or land is made alienable for co-operative finance.

13. We have briefly indicated the areas which require special treatment. The list is, however, only tentative and may be revised in consultation with the district authorities and central financing agencies.

CHAPTER VII.

Lines of State-Aid.

In considering the problem of State-aid to co-operative institutions or to any other institution providing credit to the agriculturists, it has to be realized that agriculture, as practised in India, is not always a paying proposition to the agriculturists under the present rural economy. In a majority of rain fed areas, holdings are so small that they cannot always support the family of the agriculturist. The financing of such an economy is, therefore, often, risky. Uncertainty of rainfall, soil which has been impoverished and neglected over centuries, inefficient methods of cultivation, the inability of the farmer to use modern know edge and technique or to secure improved seed, manure, agricultural implements (and sometimes even bullocks) for proper cultivation, terms of land tenure which offer little inducement for improvement of the soil,—all these factors have contributed to make our agriculture a deficit economy, particularly in the areas which are

entirely dependent upon the monsoon. Rural finance is therefore, fraught with risk and a certain measure of State assistance will be necessary, if a satisfactory agency is to be set up or maintained for providing finance in rural areas.

2. The need for such State assistance has increased on account of the rates of interest recommended by the Gadgil Committee and the fact that Government has asked us to evolve a scheme by which co-operative societies can provide agricultural credit on the lines envisaged by that body. These rates can be adopted, without much ext a help in the areas, where money is cheap and deposit rates are low, but n other areas like Karnatak, their adoption leaves very low margin with the credit organisations and the State has to help them to enable them to maintain these low ma gins with safety.

3. In Chapter V, we have indicated the adjustments that may be necessary in the structure of the co-operative organisations and consequential financial requirements. So far as Government assistance is concerned, we make the following recommendations :—

PRIMARY SOCIETIES.

4. In regard to primary co-operative organisations, the State-aid, that may have to be given, would be in the following forms :—

(1) Assistance towards meeting the expenditure on the cost of secretaries of rural credit societies.

(2) Subsidies to multi-purpose societies.

(3) Increased expenditure over the departmental staff, both for organization and administration of the co-operative societies.

5. *Secretarial cost.*—The total working expenses of the primary societies in the province are 4·4 per cent. of their working capital, largely on account of the secretarial expenses. This high cost of management naturally results in increasing the margin which these societies have to keep, between the borrowing and the lending rates and the rate charged to the ultimate borrower is correspondingly high. If, therefore, the societies are to lend money at low rates, apart from the reo ganization of their working, which we have recommended in a previous chapter, they will need Government help towards meeting the cost of secretaries. In our opinion, Government should contribute towards the cost of the salaries of the secretaries of village credit societies and multi-purpose societies, if they are unable to meet the entire cost und r this head. This should be on the condition that the village societies, registered on unlimited liability basis, distribute no dividend in respect of the years for which grants are given and contribute all they can, towards their secretarial expenditure, without increasing their lending rate beyond 6·25 per cent. For this purpose, Government should place funds at the disposal of the Registrar of Co-operative Societies to the extent of one per cent. of the total working cap tal of the rural primaries. Where the Registrar is satisfied that a particular agricultural credit or multi-purpose soc ety needs special ass stance for meeting the secretar al expenditure, he should be empowered to make grants up to a max mum of 2·5 per cent. of the working capital of the society. Thi special assistance should be available to the ocieties during a period up to first ten years of their existence, in accordance with the rules that may be framed by Government in this behalf. Dividend up to the bank rate may be allowed in case of societies registered on the basis of limited liability. As otherwise enough

share capital may not be attracted, but in case of other village societies receiving assistance under this head, no dividend should be allowed. Every care should be taken, at the same time, to see that the spirit of self help and self-reliance is nourished and all possible steps are taken to enable the societies to manage their affairs successfully, without Government subsidy.

6. *Subsidies to multi-purpose societies.*—The multi-purpose societies at present receive a subsidy of Rs. 150 or half the cost of management and propaganda, whichever is less, every year, for the first three years. With the rising prices and wages and the necessity of employing secretaries who will be able to discharge multiple functions of societies, we suggest that the subsidy should be raised from Rs. 150 to Rs. 300 (to be raised to Rs. 500 in exceptional cases) or half the cost of management and propaganda, whichever is less. This subsidy is recommended in respect of bigger multi-purpose societies which are organised for a group of villages and should be in lieu of the subsidy referred to, in the preceding paragraph, in respect of secretarial expenses of primary societies. The subsidy should be given for the first five years on a descending scale, as below :—

Rs. 300 for each of the first three years, Rs. 200 for the fourth year and Rs. 150 for the fifth year or half the cost of management and propaganda, in any particular year, whichever is less.

7. *Expenditure over additional staff.*—Registration of a large number of societies and also their supervision and performance of statutory duties will entail employment of additional staff by the Co-operative Department and Government will have to incur additional expenditure under this head.

8. *Guarantee against losses.*—It was urged on behalf of the Co-operative Banks' Association and allied interests, that Government should guarantee losses suffered by co-operative societies and banks, up to 10 per cent. of the outstandings. It was stated in this connection that Government had given a guarantee of losses, with regard to crop finance, up to 5 per cent. of the total advances and as this was likely to be inadequate, guarantee up to 10 per cent. of outstandings was needed. We have considered this proposal carefully and have decided against recommendation of any guarantee. With regard to crop finance, we realise that as the property of the debtor was to be made inalienable and there was no knowing how the provisions of the Bombay Agricultural Debtors Relief Act would work out in practice, the apprehensions of the co-operative societies and banks could be understood. The present guarantee in regard to crop finance is also for a very short period and the position has to be reviewed in the light of experience. There is, however, no such justification for asking for guarantee with regard to the transactions of the new societies, which will be set up or the dealings of the present societies with the new clientele. We are not asking the co-operative societies to advance money to anybody, who is not creditworthy, or to an extent beyond his credit. The co-operative societies have a complete freedom of exercising all the necessary business care in their transactions and they cannot ask for any special guarantee.

We are not recommending any guarantee on the lines suggested by the Bombay Co-operative Banks' Association, but we feel that although the co-operative societies should be able to meet the ordinary losses arising out of their transactions, the co-operative movement may require assistance from Government, in case of unforeseen calamities, like a general collapse of prices of agricultural produce,

famine, or widespread floods, damaging the economic position of agriculturists over large or small areas. We presume that Government will come to the assistance of the movement in such an emergency as has been done by the Provincial Governments in other provinces, but would recommend that Government should take steps to build up a rural credit stabilization fund. It might contribute annually, for a period of five years, 1 per cent. of the outstandings of the co-operative societies towards this fund which can be drawn upon by Government in an emergency, for rendering assistance to the Provincial Co-operative Bank, central banks, and village primaries.

We may mention that we are not recommending any guarantee on the presumption that the co-operative societies will not be expected to finance members, who are not creditworthy or to finance anybody beyond his credit. This may be occasionally less than the adequate finance needed by the individual and complaints of under finance may be received. If, however, co-operative societies are expected to finance agriculturists to their fullest requirements (even beyond their credit), there may be a case for the societies' demanding a guarantee of losses, but for various reasons, which it is unnecessary to recount here, we do not recommend this course.

District Central Banks and Banking Unions.

9. In the case of district central banks and the banking unions, the State-aid may take one or more of the following forms:—

(1) contribution to the share capital,

(2) grant of subsidies to meet the management expenses,

(3) guarantee of losses to meet bad debts, and

(4) assistance in effecting recoveries.

10. *Contribution to share capital.*—Opinion was expressed before us that for the smooth working of the scheme, it may be necessary for Government to contribute to share capital in case of some central banks. We think that this arrangement will not be necessary in case of most central banks in the province, but in exceptional cases, Government may contribute to the share capital of financing institutions. We, however, do not recommend that Government should forego dividend in these cases.

11. *Management expenses.*—In management expenses, we include expenses on account of the staff, clerical, executive or inspectorial and such other expenses as are necessary for running either the branches or pay offices of a central bank. To meet the demands of agriculturists in areas, where there are no arrangements for grant of loans, the banks may have to take steps to open a number of branches or pay offices, even though the amounts required in these areas are small or borrowers scattered. These units may be uneconomic and Government may have to subsidise them to the extent of their deficit in the management expenses. We, accordingly, recommend that Government should make good the deficit in the working of the branches or pay offices, which are considered essential, by the Registrar, Co-operative Societies, for a proper supply of finance to agriculturists, for the first three years or thereafter, till the branch or the pay office becomes self-supporting. The banks receiving Government assistance under this or other heads should not be allowed to declare dividend beyond 4 per cent.

12. In the case of banking unions, suitable subsidy may be given to ensure that they are able to engage competent managers.

13. *Guarantee of losses.*—A guarantee for central banks and banking unions was also suggested by the Co-operative Banks' Association, but for the reasons enumerated in respect of the village societies, we do not recommend any such guarantee. They should, however, be eligible for assistance, in exceptional times of emergency, for help out of rural credit stabilization fund.

14. *Assistance in effecting recoveries.*—We understand that at present, Special Recovery Officers are appointed in the areas where it is not possible for the regular revenue agency to cope with the work of effecting recoveries, and the deficit arising out of the appointment of the Special Recovery Officers is borne by the central financing agencies concerned, along with some other co-operative organizations. We also understand that there is a proposal that the present provisions of section 24 of the Bombay Co-operative Societies Act, 1925, may be amended on the lines of provisions contained in section 77 (amended 53) of the Bombay Agricultural Debtors Relief Act, so as to provide a remedy against the unauthorized alienation of crops, raised with the help of funds obtained from co-operative societies. These measures would encourage punctual repayments, but we think that the appointment of the Special Recovery Officers should be at the cost of Government and the co-operative societies should not be asked to make good any deficit on the maintenance of their establishment, even after payment of recovery surcharge.

15. *Funds.*—At present, the movement has an adequate supply of funds and if, as recommended by us, the Provincial Bank is enabled to pool the funds of the affiliated banks in an efficient manner, we expect that the future needs of the movement can be met by the co-operative banks themselves. If, however, additional funds cannot be raised by the banks or obtained by them from the Reserve Bank, except at rates which make the supply of funds to co-operative societies at 4 per cent. uneconomic, we recommend that Government should assist the movement by supply of funds at low rates of interest. For this purpose, we recommend that Government should supply additional funds repayable in one year at 1·5 per cent. These funds should be supplied through the Provincial Bank, which should be responsible for supervision of central banks and operation of Government accounts and recovery of the dues. The Provincial Bank should be allowed to charge 0·5 per cent. for these services and the risk.

Presumably no fluid resources will be required to be maintained in respect of these funds, and the Reserve Bank will also not ask the Provincial Bank to deposit certain portion of these funds, free of interest with it, as in the case of other deposits.

Bombay Provincial Co-operative Bank, Ltd.

16. The Bombay Provincial Co-operative Bank, as pointed out already, would be functioning as an apex bank and also as a district central bank in areas where there is neither a banking union nor a district central bank.

The Bombay Provincial Co-operative Bank will, therefore, be entitled to have the State-aid which has been recommended to the district central banks for the areas where it functions as a district central bank.

BOMBAY PROVINCIAL CO-OPERATIVE LAND MORTGAGE BANK, LTD.

17. In Chapter V, we have recommended that the Bombay Provincial Co-operative Land Mortgage Bank should continue to grant long-term finance, either through the agency of district central banks which take up the land mortgage bank work or through the existing primary land mortgage banks. The present yield on Government loans works out, depending on maturity, at about 3 per cent. and it is doubtful whether the Bombay Provincial Co-operative Land Mortgage Bank can raise funds by floating debentures, at less than 3 per cent. even with Government guarantee. In these circumstances, it is difficult to see how such funds can be raised and distributed, on low rates of interest, unless Government aid on a substantial scale is forthcoming. We, therefore, recommend that Government should guarantee both interest and principal on long-term debentures that may be raised by the Bombay Provincial Co-operative Land Mortgage Bank from time to time.

The Bombay Provincial Co-operative Land Mortgage Bank and the agencies working in the districts will have to be given technical assistance, especially for development finance (*i*) in regard to examination of the scheme of development, and (*ii*) and for land valuation. In our opinion, Government should make arrangements to give this assistance free of cost.

CHAPTER VIII.

CONCLUDING REMARKS.

The passing of the Bombay Agricultural Debtors Relief Act by the Government of Bombay in 1939 and its recent application to all the districts of the province has brought to the forefront the urgent need of providing, within the next two or three years, an alternative agency to the money-lender, which will supply finance at reasonable rates during and after the proceedings under the Act. To meet, in the meanwhile, the current needs of the agriculturists who are now disowned by their sowcars, crop loans are advanced by Government and by co-operative societies, Government guaranteeing a certain percentage of the losses in the latter cases. The formation of co-operative societies has also been speeded up during the last three years and substantial progress has been made in this direction.

2. In 1944, the Government of India appointed the Agricultural Finance Sub-Committee (otherwise known as the Gadgil Committee) to report on the ways in which "indebtedness could be reduced and finance, both short-term and long-term, provided under efficient control for agricultural and animal husbandry operations." The Committee whose report was published in 1946 recommended the adjustment of old debts of agriculturists to a level which would make them solvent as a necessary preliminary to the re-organisation of agricultural finance, and suggested the formation of a State-aided and State-controlled Agricultural Credit Corporation (except in areas where co-operative movement is very highly developed) to finance all creditworthy cultivators. These recommendations were considered by the Bombay Co-operative Banks' Association and resolutions were passed to the effect that it was unnecessary to organize a Corporation for the province for the purpose mentioned by the Gadgil Committee and that the co-operative movement would be able to meet the requirements of creditworthy

agriculturist borrowers provided it was given the same facilities as were proposed to be given to the agricultural credit corporation. The Bombay Government has appointed this Committee to examine how far the recommendations of the Association could be carried out or in other words to find out how far the co-operative institutions in the province could finance all creditworthy agriculturist borrowers on the lines recommended by the Gadgil Committee and what facilities should be granted to enable them to do so.

3. It is not for us here to judge of the practicability or otherwise of the Gadgil Committee's recommendation regarding the scaling down of all past debts or the Bombay Government's measures by which all the debts of the cultivators are to pass through a process of radical re-adjustment in the shortest time possible. It is not for us to go into these questions. Our task here is to devise measures by which if not all the eighteen lakhs cultivators of the province, at least a good proportion of them may be accommodated by the co-operative movement as soon as they come out of the adjustment proceedings or even before the proceedings commence. Looking to the past history of the co-operative movement and its present development, this appears to be a difficult undertaking. There are certain limitations inherent in the co-operative movement. It cannot expand mechanically. It is a human movement both in its application and in its administration and must develop gradually and methodically, if past experience has any value. Keeping in mind these limitations, we have made an attempt in our Report to evolve a workable method by which these additional men can be helped without putting an undue strain on an organisation which is none too strong.

4. After reviewing the working of the co-operative movement in the province, we have come to the conclusion that there is no need for the setting up of an agricultural credit corporation as recommended by the Gadgil Committee, and that if the co-operative movement is suitably reorganized, it can fulfil the functions instead of the Agricultural Credit Corporation, viz., to provide finance to a fairly large number of creditworthy cultivators at reasonably low rates of interest. The movement has ample funds at its disposal, which in the absence of fuller employment within it, are finding a partial outlet through non-co-operative channels.

5. We are equally sure that an Agricultural Credit Corporation, as conceived by the Gadgil Committee would not be able to cover the same number of members as the co-operative organisations would be able to do in the next ten years. Even if the State were prepared to provide all the funds required to finance them, it will not be possible to get the trained staff to run the branches of the Corporation spread out all over the province. Even if they were available, it would be almost impossible to establish intimate contact with their clients in order to study their creditworthiness and character and to see that the loans are used for productive purposes and are punctually repaid. The co-operative movement, with over forty years of experience and the financial strength it has gained during these years, has been able to cover only a small fraction of the agricultural population. We are equally sure that if an agricultural credit corporation is started to supplement the efforts of the co-operative organisations it will be unable to achieve even a portion of the results that stand to the credit of the co-operative organisations.

6. The only alternative is, therefore, to make full use of the existing co-operative organisations. We should concentrate our attention on the development and consolidation of the co-operative structure and so modify the organisations and expand them as to absorb most of the creditworthy agriculturists. At the same time it should be seen that the co-operative character of these organisations is not lost in any way. We, however, fear that in any case some persons will have to go unprovided for.

7. We have very carefully examined the working of the existing primary societies, noted their shortcomings and have made various suggestions for improving their efficiency and usefulness especially from the two main objectives—that they may absorb as many new members as possible, consistent with safety, and to provide loans to them at the rate suggested by the Gadgil Committee, viz., 6¼ per cent. We have emphasized the need for attracting local deposits and for the removal of the various restrictions that now impede the working and growth of the primary societies.

8. Again, almost exclusive attention has been paid in the past, to the credit side by the primary societies even though in recent years non-credit activities are being slowly undertaken. We are of the opinion that all the primary societies should be multipurpose and should develop non-credit activities according to their capacity to handle them, avoiding at the same time trading risks. We have not gone into details of the multipurpose activities. They may comprise all the activities of rural life. There is no function, be it social, cultural or economic which a well organised society cannot undertake. Only, their satisfactory performance will require constant and intimate guidance from a well-trained staff and the leaders of the public. Also, the number of inspectors and supervisors that visit the societies should be reduced to the minimum and they should as far as possible work under a single organisation. Also the agencies for inspection and supervision of the societies should not overlap. With this object we have suggested that the supervisory staff of the primary societies should be paid and maintained by Government and should work under the joint-control of the superior staff of the Department and the central banks.

9. We have also suggested that encouragement may be given to the formation of co-operative credit associations for the bigger agriculturists whose needs cannot be easily met by the ordinary primary credit societies. These associations may be for a taluka or a number of villages and may be registered on a limited liability basis. Along with the expansion of the primary societies we have accepted as feasible the expansion of co-operation to 30 per cent. of the rural population in the next ten years, in two five year periods, as recommended by the Saraiya Committee. In order that the quality of the movement may be steadily maintained during and after the expansion, care should be taken to see that at no stage, the growth of the co-operative societies over-reaches the capacity of the organisational and management staff to look after them. This is a very essential condition.

10. We have also examined the position of the central financing agencies in the province consisting of 11 district central banks with 64 branches, 3 taluka banking unions and the Bombay Provincial Co-operative Bank with its 50 branches. We have indicated the lines on which the central financing agencies should function in the new set-up envisaged by us.

11. Regarding the district central banks, their financial condition is generally sound and they have been able to attract to their management able and devoted workers. However, certain unhealthy tendencies have been noticed in their working like the occasional apathy of some of these institutions to the needs of the village primaries. It has also been noticed that the business which some of these banks are doing with the individual borrowers—very often traders—is almost as extensive as that with the co-operative societies. Such undesirable tendencies should be rigidly checked. The central banks are service institutions and their main function should be to foster the growth and development of the primary societies. The central banks should primarily be co-operative institutions with membership confined to primary societies; where individuals are admitted as members, it should be the definite aim of these institutions to keep their transactions with individuals within suitable limits. We have also examined the factors

responsible for the existence of wide margins between the borrowing and lending rates of the central banks and have come to the conclusion that with suitable reorganization of their working, as suggested by us, and with essential Government aid in a few cases, it should be possible for all of them to reduce their lending rates to 4 per cent. Any central bank, which is unable to lend at this rate, cannot be considered efficient, and its working should be a matter for examination by the Provincial Bank or the Co-operative Department.

12. Regarding the Bombay Provincial Co-operative Bank, we have indicated in the Report its present position and the lines on which it should be reorganized. It will have to supervise and guide the working of the central banks and to function as the pivot of the co-operative movement in the province. It has so far served the movement well and with the modifications we have suggested, we believe that its utility can be still further increased and it can be a real balancing institution of the movement, guiding the central banks as the Reserve Bank controls the scheduled banks. We, however, feel that the time has not yet come when these functions can be directly assigned to it by means of a statute. We prefer that they should be carried out in a spirit of co-operation by creating traditions of mutual aid for the common good and the Provincial Bank should be able to execute those powers of supervision and guidance over the working of the central banks, which would be necessary to ensure the satisfactory working of the scheme of rural finance. While making this recommendation, we have presumed that in the exercise of its supervisory and other functions, the Provincial Bank will work in close co-operation with the Co-operative Banks' Association which it has done so much to develop. Again, some re-organisation of its directorate would be necessary in order to make the Bank properly representative of all the interests involved in the co-operative structure of the province. In suggesting these changes, we have no desire to officialize the directorate. What we want is that all the elements in the movement should be brought together in a well-balanced organisation.

13. One general feature of the co-operative structure in the province which we have examined in detail is the high rate of interest prevailing in the movement. We have analysed the causes for these high rates and have made detailed suggestions as to how these rates can be brought down and how finance can be provided to the ultimate borrower at $6\frac{1}{4}$ per cent., which is the rate recommended by the Gadgil Committee.

14. In the preceding paragraphs, we have not dealt with the long-term financial agencies dealing in agricultural credit. We have examined their position in the Report. Although the Gadgil Committee has recommended that, the same institution—viz., the agricultural credit corporation—should disburse both short-term and long-term credit, we have come to the conclusion that it will not serve any useful purpose if the Provincial Land Mortgage Bank is merged with the Provincial Co-operative Bank. The Provincial Land Mortgage Bank should continue to work independently as it does to-day. But with regard to the primary land mortgage banks, where they are working at a loss, their functions should be taken over by the district central banks which should keep a separate department for the purpose and obtain the necessary funds from the Provincial Land Mortgage Bank. So far as the rate of interest is concerned, we consider that for the implementation of the recommendations of the Gadgil Committee, in this behalf, very large and permanently recurring Government subsidies will be necessary. Under the circumstances, Government might consider whether it is essential to adhere to the recommended rate or whether a somewhat higher rate of, say, 5 or $5\frac{1}{2}$ per cent., except for loans for special purposes, would be more suitable. While considering

this question, we must bear in mind the desirability of ensuring that the rural credit organisation is, as far as possible, made ultimately self-supporting and that the co-operative movement is made strong and independent.

15. Similar considerations also apply to the rate of interest on short-term loans to the agriculturist, but we have generally accepted Gadgil Committee's recommendations in this behalf, because we consider that it is a feasible proposition as an ultimate objective with the restricted State assistance proposed by us. In earlier stages, however, a slightly higher rate may be necessary. We realise also that in some areas, this rate may not be practicable, in spite of the assistance recommended by us. In such cases, we suggest, the lowest rate practicable, under the circumstances, should be charged and it should be gradually reduced to 6¼ per cent. We would also suggest that heavy subsidies by Government for maintaining low rates of interest should not be allowed to come in the way of the Government assistance which other important forms of co-operative activities (like agricultural marketing) require in the present state of our development.

16. Co-operative societies are very suitable for the developed areas, but for backward tracts, we have to adopt a different method of approach. It may take three forms—formation of grain-cum-commodity depots, as now run by the Revenue Department, agricultural banks granting loans to individuals and societies, and co-operative societies. Government have started under the revenue officers a number of grain-cum-commodity depots and they seem to be working fairly well. Here we have suggested that agricultural banks should be formed in these areas to deal directly with the individual khatedars as also with the co-operative societies that may be formed later. Only the aboriginal leaders in the area should be associated with these institutions, so that in course of time, they may take over the institutions themselves. The developments of the grain and grain-cum-commodity depots seem to be very encouraging and the same results should be achieved with the banks, if carefully worked out.

17. We have suggested that outside the grain depots, the work of developing the agricultural banks should be entrusted to the Provincial Co-operative Bank, the State providing the necessary capital and the working expenses. The Bank has considerable experience of the working in backward areas and has a well-trained staff. The work, however, in the backward areas would be a losing business for years and the Bank cannot be expected to bear these losses. We have suggested that the needs of each area should be carefully studied by a small committee and a programme laid down in co-operation with the Bank.

18. As for the areas of precarious rainfall like Bijapur, it is possible that the co-operative banks may be unwilling to risk funds in making advances freely and Government will have to give them special assistance, if they are to work in these areas.

19. There are one or two general recommendations to which we should like to make a reference here; one of these is the suggestion that in order to meet the losses that may be sustained by co-operative societies owing to unforeseen calamities, Government should build up a rural credit stabilization fund, by annually contributing for five years, 1 per cent. of the total outstandings of co-operative societies.

20. Another suggestion we have made is that in view of heavy Government commitments towards rural finance and also to watch how legislations like the Bombay Agricultural Debtors Relief Act and Moneylenders Act are operating, a small rural credit board should be established. It might meet twice a year and generally review the arrangements for rural finance made through co-operative societies and other agencies.

21. In our Report, we have recommended Government assistance to the movement on a substantial scale. One aspect of the question that should not be ignored is that such Government assistance should not stultify self-help and mutual help. Again, when we consider that the bulk of the co-operative movement is State-sponsored and is not the result of spontaneous growth, checks and counter-checks in the management are inevitable until such time as society is able to develop to genuine co-operative spirit. Persistent efforts should be made to generate this spirit of self-help and mutual help, which is the *sine qua non* of co-operation.

22. Hitherto almost exclusive attention has been paid to credit, but marketing functions need development along with other activities of rural life. Again, we emphasize that the whole movement should be integrated and worked in full harmony.

23. Before we conclude we wish to place on record our very high appreciation of the assistance given to us by our colleague and Secretary, Mr. S. M. Ikram, I.C.S., Registrar, Co-operative Societies and Director of Agricultural Marketing and Rural Finance, Bombay Province, Poona. The main burden of collecting the materials for the inquiry and of drafting the report fell on him and he performed these functions admirably and in record time. His vast knowledge of co-operation in the Province was very valuable to us in coming to decisions on many a complicated questions.

Our work involved compilation of considerable data and preparation of several statistical tables often at a very short notice. The staff of the Registrar's office and especially Mr. H. G. Doshi, the Office Superintendent, rendered commendable services in this respect, and we would like to place on record our appreciations of their efficiency and promptitude.

We should also like to record our thanks to the Reserve Bank of India, Limited, Bombay and the Bombay Provincial Co-operative Institute, Bombay, for the facilities given to us.

MANILAL B. NANAVATI,
Chairman,

R. G. SARAIYA,
Member,

HIRALAL L. KAJI,
Member,

S. R. KANTHI,
Member,

M. M. M. A. BHAIJI,
Member,

B. D. DESHMUKH,
Member,

K. SUBBA RAO,
Member,

K. P. MATHRANI,
Member,

L. M. NADKARNI,
Member,

S. M. IKRAM,
Member and Secretary.

Bombay, 29th July 1947.

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APPENDICES

APPENDIX I.

Recommendations of the Agricultural Finance Sub-Committee.

The process of debt adjustment must be accompanied by a complete reconstruction of the financial structure.

The main aim of this reconstruction in the immediate future should be to provide the solvent agriculturist producers in all areas with an agency alternative to the private money-lender from which the producers would be sure of obtaining finance for all reasonable purposes on reasonable terms.

The existing co-operative banking organizations cannot be utilised as the alternative agency of credit because they are not equally strong in all the provinces and also because they are essentially autonomous bodies ruled largely by their own members; further problems might arise in linking the co-operative banking structure with non-members.

This alternative agency of credit must be an autonomous public corporation established by the State and operating under general official supervision and direction, but whose day-to-day working and normal business transactions are largely conducted on an independent basis.

It would be better, at least initially, for each province to have a separate corporation which should possess a centralized organization with a net-work of local agencies and sub-agencies.

Its capital will have to be provided chiefly by the Provincial Government at least to the extent of 50 per cent. Other institutional elements of the general credit system may also be invited to subscribe to the share capital. Shares Should be placed only with selected credit institutions, chiefly joint stock banks, co-operative banks and marketing organizations.

Its affairs should be managed by executive officers and its policies should be framed by a Board consisting chiefly of nominees of Government and representatives of other shareholders. Both the executives and the Board should be appointed by the Provincial Government for a fixed term of years. Some of the nominees of Government to the Board will be officials. In making the other nominations the Government should secure special representation of those engaged in agriculture and in working co-operative organizations.

It should provide all types of credit.

It will deal with any individual agricultural producer or group of agricultural producers applying to it for a loan for any purpose for which it is authorised to lend.

In dealing with both individuals and groups, its methods will be similar to those of any institutional agency, e.g., co-operative banks.

In providing finance, whether short-term or long-term, it must pay attention to both the real assets owned by the borrower and the nature of his personal business. For giving long-term mortgage credit, it will have to conduct a full enquiry into the individual's assets and also his earning capacity, etc. For intermediate credit, the specific charge on equipment or chattel might be reinforced by a collateral mortgage. The limits of short-term credit might be defined both in terms of value of real estate and of certain features of individual business.

The corporation would be able to undertake efficiently and expeditiously the work of making available mortgage finance immediately on a countrywide scale.

For intermediate finance, required specially in areas where mixed farming is common, or special weight attaches to animal husbandry or agriculture is commercialized, some kind of borrowers' organizations—Co-operative or otherwise—may have to be created.

Short-term finance in areas where important commercial crops are concentrated might not be difficult if attempts at the stabilization of agricultural prices, etc., lead to a considerable control by the State over marketing and prices, so that loan recovery is guaranteed.

In the absence of such conditions the Corporation might provide intermediate and short-term finance directly, to substantial cultivators. If it has already provided these with long-term mortgage finance, it may advance the shorter term finance on second mortgage of lands or on chattel mortgage or with some kind of crop charge.

For meeting the short-term needs of the smaller cultivators, the latter should be induced to form themselves into co-operative credit, marketing or sale societies.

Where this is not possible, it is necessary to attempt some type of simple organization of borrowers' groups to form as a link between the local agency of the Corporation and the large number of agriculturist-producers scattered over the countryside.

The main services of a borrowers' group might be to collect and transmit loan applications and the information required in respect of them.

The Agricultural Credit Corporation should be a centralized type of organization. The number of agencies and sub-agencies to be organized will depend on the volume of business available in each area.

Its staff and methods of business in local areas will closely resemble in respect of mortgage finance to those of the Provincial Land Mortgage Banks and in respect of intermediate and short-term finance to those of the Bombay Provincial Co-operative Bank in the districts where it deals directly with individuals and primary societies.

Each province or State will have to prepare separately its scheme for the Corporation. For this purpose, it will have to take account of the working of the legislation relating to adjustment of debts, the development of the co-operative movement, the operation of the private money-lending agencies, the needs of the specially backward areas, etc. The area and intensity of the development of the

activities of the Corporation will also depend on the resources that Government is able or willing to spare for the purpose.

For the bulk of its ordinary business, the Corporation will not require any considerable subsidization by the State to maintain the rates of interest recommended by us.

In less developed areas, where the cost of administration and collection of loans and the risks connected with them are large, there is need of State subsidy which may be given by such means as giving free use of substantial funds or by directly subsidizing costs of administration, supervision, etc.

Where co-operative banking structure is not yet highly developed, the Corporation should take on themselves the financing of Co-operatives.

Where the co-operative banking is developed, except in the direction of land mortgage banking, the Corporations could handle mortgage business and no special attempt need be made to develop co-operative land mortgage banking.

Where co-operative banking is highly developed in both ordinary and land mortgage business, the Corporation would constitute a third system. In both these cases, the three agencies should be effectively co-ordinated and care taken to prevent over-lapping of areas, duplication of efforts, or redundancy of finance.

In a Province in which Government feels that the Co-operative financial agencies are so strong and have such wide scope that they could undertake all the work which we have indicated as in the sphere of the Agricultural Credit Corporation, there would be no objection if a separate Corporation is not set up, provided that means are found for making finance through co-operatives available to all credit-worthy borrowers.

The Agricultural Credit Corporation should work in close co-ordination with the technical and other agencies of the State.

The rates of interest have to be reasonably low for current or intermediate finance and lower still for development finance; broadly 6¼ per cent. for current finance and 4 per cent. for development and proper limits.

APPENDIX II.

QUESTIONNAIRE.

General.

(1) The Gadgil Committee on Agricultural Finance has recommended the establishment of an Agricultural Credit Corporation— an autonomous public body established by the State—for providing all types of finance, *viz.*, short-term, intermediate and long-term, to the solvent agriculturists, at low rates of interest (6¼ per cent. for short-term and 4 per cent. for development). The Bombay Co-operative Banks Association has, however, represented to Government that in view of the development of Co-operative Banking in the province, a separate organization on the lines of the Agricultural Credit Corporation, recommended by the Gadgil Committee is not necessary, and that with the same measure and type of assistance which would be required for an Agricultural Credit Corporation and some re-organization of the co-operative credit structure, the co-operative banks in the province would be able to meet the requirements of all credit-worthy agriculturist borrowers. Do you think that the co-operative financing agencies, with suitable modifications and necessary Government assistance, could fulfil all the functions of the Agricultural Credit Corporation as visualized in the Gadgil Committee's Report?

(2) Do you think that the rates recommended by the Gadgil Committee for current finance and development finance are practicable, so far as the co-operative organizations in this province are concerned; if not, please state what rates you would suggest and indicate reasons for your views.

(3) In case current finance to the ultimate borrower is to be at 6¼ per cent. at what rate should the financing agencies make finance available to their affiliated primaries?

(4) If the development finance is to be at 4 per cent. at what rate should the apex institution make funds available to its primaries?

(5) Should the co-operative financing agencies provide finance to debtors in all the areas in the province, if not, indicate the areas which should be taken over by them and those which should be left out giving reasons for the same.

(6) Do you think that the finance in the specially backward areas should be provided by co-operative financing agencies; if not, suggest alternative agency, which, in your opinion, would be best fitted to undertake this work.

Reorganization of Co-operative Credit Structure in the Province.

(7) What modifications, in your opinion, would be necessary in the present constitution of—

(*a*) the Bombay Provincial Co-operative Bank, Ltd.

(*b*) The District Central Banks and the Banking Unions,

(*c*) the Co-operative Credit Societies,

to enable them to efficiently carry out the functions allotted by the Gadgil Committee to the Agricultural Credit Corporation. (In this connection, please see Querry No. 21 below).

(8) It is stated that although co-operative banks are generally able to raise their funds at 1 per cent. to 2 per cent. the ultimate borrower has to pay 6¼ per cent. to 12½ per cent. possibly owing to the existence of many intermediaries, like the Provincial Bank, the Central Bank, the Co-operative Credit Society, and certain items of expenditure like transport, insurance and overhead expenses of uneconomic village units. What steps would you suggest for cheapening co-operative finance ?

(9) At present, in many areas the demands for loans are not only examined by the managing committees of the agricultural credit societies, but are further scrutinized by the Supervisors and Bank Inspectors, before the banks sanction them. What steps do you suggest for making provision of finance more prompt ?

(10) What should be the relation of the Bombay Provincial Co-operative Bank with the district central banks ? Should the latter function as agencies of the former or should they be linked up in some other way ?

(11) Should the Provincial and the district central banks confine themselves to short-term finance or should they supply all finance, as the Agricultural Credit Corporation visualized by the Gadgil Committee is expected to do ? What should be done with relation to Provincial and primary land mortgage banks ?

(12) To facilitate the work of finances, do you think that the central finance should be decentralized and independent small organizations (like banking unions) started or can the requirements be met by starting additional branches of the central financing agencies ?

(13) Where there is no possibility of forming co-operative agencies, do you recommend formation of borrowers' group, as envisaged by the Gadgil Committee ? What would be the size and functions of these groups and what will be the overhead expenditure over maintaining them ?

(14) To supply finance to persons outside the co-operative movement, it will be presumably necessary to provide credit to nominal members or even non-members. What will be, in your opinion, the reaction of this step on the co-operative movement ?

(15) It is estimated that the village co-operative societies serve 15 per cent. of the rural population in this province. What is, in your opinion, the percentage to the total agricultural population of creditworthy agriculturists who are not members of a co-operative credit society in a village, where there is one and who need finance ?

Finance.

(16) Can you give any estimates for the total funds needed fo current finance and development finance—

(*a*) in the province,

(*b*) in the area in which you are specially interested ?

(17) How should, in your opinion, this finance be raised ? Will the co-operative banks be able to raise the entire finance themselves or should the additional finance required under the new scheme be provided by Government ? If Government is to supply the finance, at what rate of interest should it make the funds available ?

(18) Should all the finance available by way of surplus funds in the movement be pooled by the Bombay Provincial Co-operative Bank; and if so, suggest the rate or rates of interest which the Provincial Bank should give on such finance to the co-operative societies whose funds are pooled ?

Government Assistance.

(19) Suggest under the following heads the assistance which the co-operative movement will require from Government for carrying out the functions of the Agricultural Credit Corporation—

(*a*) Guarantee of payment of dividend on share capital raised by the Bombay Provincial Co-operative Bank or the district central banks and the rate of dividend;

and/or

(*b*) Contribution by Government to the share capital of the Provincial Co-operative Bank and/or district central banks ?

and/or

(*c*) Guarantee against a certain percentage of losses.

(*d*) Subsidies for meeting the management expenses.

(*e*) Assistance in effecting recoveries.

(*f*) Any other form of assistance.

Terms and Conditions of Government Assistance.

(20) What should be the conditions on which Government should agree to render the necessary assistance suggested by you ?

(21) Do you think that if Government were to guarantee dividend on the bank rate to the Provincial and central banks and also guarantee a certain percentage of losses, it would be justified in asking these institutions to change their constitution on the lines of the Agricultural Credit Corporation ?

(22) Do you think that without these changes it can be presumed that the co-operative institutions in this province will work primarily as public institutions and not as bodies mainly interested in the dividends and welfare of their members ?

(23) Do you think that with Government assistance and the re-organization of the credit structure of the co-operative movement, as visualized by you, it will be possible for the movement in this province to carry out all the functions of the Agricultural Credit Corporation, especially to fulfil the following requirements—

(*a*) to supply finance to all the agricultural population which is proposed to be financed by the Agricultural Credit Corporation ;

(*b*) to supply finance promptly and on the rates suggested by the Gadgil Committee. Please reply with special reference to the area or the district in which you are specially interested.

(23-A) If the answer to the above is in the negative, what are your suggestions for an alternative agency ?

Development Plan for implementing the Scheme.

(24) The Saraiya Committee has recommended that an attempt should be made to bring 50 per cent. of the villages and 30 per cent. of the rural population within the ambit of the reorganized primary societies within a period of ten years, in two five-year periods. Do you think that plan will be suitable for this province and will provide for the expansion of the movement, which will be necessary to satisfy new requirements ? If you have any modifications to suggest, please indicate them under the following heads :—

(*a*) Agricultural credit and multi-purpose societies.

(*b*) Marketing societies.

APPENDIX III.

List of witnesses examined by the Committee.

1. Mr. V. P. Varde
2. Mr. Y. B. Gaitonde
   ... Representatives of the Bombay Provincial Co-operative Bank, Ltd., Bombay.
3. Mr. P. B. Ugargol
4. Mr. C. D. Clerk.
   ... Representatives of the Bombay Co-operative Banks' Association, Bombay.
5. Mr. B. S. Dabke
6. Mr. B. N. Desai.
   ... Representatives of the Bombay Provincial Co-operative Land Mortgage Bank, Ltd., Bombay.
7. Diwan Bahadur R. V. Vandekar, Nasik.
8. Mr. R. N. Trivedi, Deputy Registrar, Co-operative Societies, Surat.
9. Representatives of the Central Banks:—
   (*a*) Belgaum,
   (*b*) East Khandesh,
   (*c*) Karnatak Central,
   (*d*) Broach.
10. Mr. D. V. Potdar, Poona.

APPENDIX IV.

Names of Persons and Institutions who replied to the Questionnair .

1. The Reserve Bank of India, Ltd., Bombay.
2. The Bombay Provincial Co-operative Bank, Ltd., Bombay.
3. The Bombay Co-operative Banks' Association, Bombay.
4. The Bombay Provincial Co-operative Land Mortgage Bank, Ltd., Bombay.
5. Mr. D. A. Shah, Joint Registrar, Industrial Co-operatives and Village Industries, Bombay Province, Poona.
6. Diwan Bahadur C. M. Gandhi.
7. Diwan Bahadur R. V. Vandekar.
8. Mr. R. N. Trivedi, Deputy Registrar, Co-operative Societies, Surat.
9. The Poona Central Co-operative Bank, Ltd., Poona.
10. The Belgaum District Central Co-operative Bank, Ltd., Belgaum.
11. The Sholapur District Central Co-operative Bank, Ltd., Sholapur.
12. The Barsi Central Co-operative Bank, Ltd., Barsi.
13. The Karnatak Central Co-operative Bank, Ltd., Dharwar.
14. The Kanara District Central Co-operative Bank, Ltd., Sirsi.
15. The Ahmedabad Central Co-operative Bank, Ltd., Ahmedabad.
16. The East Khandesh Central Co-operative Bank, Ltd., Jalgaon.
17. The Broach Co-operative Bank, Ltd., Broach.
18. The Surat District Co-operative Bank, Ltd., Surat.
19. The Nasik District Co-operative Land Mortgage Bank, Ltd., Nasik.
20. The North Kanara District Co-operative Land Mortgage Bank, Ltd., Karwar.
21. The East Khandesh District Co-operative Land Mortgage Bank, Ltd., Jalgaon.
22. The Poona District Co-operative Land Mortgage Bank, Ltd., Poona.
23. The Satara District Co-operative Land Mortgage Bank, Ltd., Karad.
24. The Hubli Co-operative Land Mortgage Bank, Ltd., Hubli.
25. The Broach District Co-operative Land Mortgage Bank, Ltd., Broach.
26. Mr. R. N. Rajadnya.
27. Mr. D. V. Potdar.

APPENDIX V.

Rural Credit Societies (Excluding Land Mortgage Banks.)

	1930–40.	1940–41.	1941–42.	1942–43.	1943–44.	1944–45.	1945–46.
1. Number of societies	3,896	3,777	3,825	3,897	4,021	4,344	4,796
2. Membership	1,93,282	1,89,187	1,89,506	1,89,753	1,94,161	2,08,668	2,32,282
3. No. of members per society	51	50	49	48	48	48	48
4. Share capital ...	33,30,870	33,88,183	35,00,797	36,26,610	39,06,745	44,46,088	51,44,610
5. Reserve and other funds	84,24,807	86,90,893	89,51,450	93,81,215	98,78,847	1,05,47,951	1,11,95,705
6. Members' deposits	18,80,459	16,73,497	14,48,195	14,65,594	14,09,230	17,13,125	17,75,645
7. Other outside liabilities	19,01,384	17,41,091	16,58,304	16,44,457	18,85,821	20,17,597	25,83,799
8. Bank loan outstanding	1,24,20,577	1,14,74,466	1,08,59,351	93,86,366	77,82,554	84,98,485	1,00,12,650
9. Working capital	2,79,58,097	2,69,68,130	2,64,18,097	2,55,04,242	2,48,63,197	2,72,23,246	3,06,82,409
10. Percentage of owned capital to working capital.	48·7	50·9	52·6	56·7	61·1	61·3	58·9
11. Total loan outstanding from members ...	2,29,44,920	2,19,67,044	2,13,70,611	1,91,99,158	1,78,59,551	1,89,59,543	2,12,43,773
12. Recoveries during the year	71,65,242	67,26,055	78,27,968	94,42,614	98,01,253	99,97,799	1,00,03,265
13. Unauthorised arrears	1,32,51,808	1,26,54,964	1,12,10,353	92,57,469	78,79,799	74,37,361	75,31,875
14. Percentage of unauthorised arrears to loan outstanding.	57·7	57.6	52·4	48·2	44·1	39·2	35·4
15. Percentage of cost of management to working capital.	2·3	2·5	2·6	2·8	3·1	3·7	4·4

APPENDIX VI.

Operations of Provincial and Central Banks—1945-46.

Serial No.	Name of the Bank.	No. of talukas in the area of operation.	Number of		No. of members.		Share Capital.	Loans due from	
			Branches.	Pay Offices.	Individuals.	Societies.		Individuals.	Societies (including Societies in liquidation.)
	2	3	4	5	6	7	8	9	10
1.	Bombay Provincial Co-operative Bank ...	85	50	2	2,411	2,614	20,09,050	89,37,669	91,85,039
2.	Ahmedabad Central Co-operative Bank ...	6	...	...	6	210	1,07,800	523	3,98,203
3.	Barsi Central Co-operative Bank ...	1	1	1	859	55	71,790	2,02,132	1,04,085
4.	Belgaum District Central Co-operative Bank ...	9	9	2	978	391	4,81,750	18,25,914	10,74,403
5.	Bijapur District Central Co-operative Bank ...	9	3	3	792	269	2,83,150	3,69,898	7,53,940
6.	Broach Co-operative Bank ...	4	5	...	929	211	2,53,600	97,447	4,14,587
7.	East Khandesh Central Co-operative Bank ...	13	13	6	1,527	771	7,00,000	6,72,155	31,57,025
8.	Karnatak Central Co-operative Bank ...	13	8	10	1,059	651	7,16,500	16,99,440	24,20,311
9.	North Kanara District Central Co-operative Bank	11	1	...	650	121	43,290	1,16,836	67,099
10.	Poona Central Co-operative Bank	12	12	...	2,874	378	3,94,970	24,32,283	10,82,980
11.	Sholapur District Central Co-operative Bank ...	7	3	2	993	246	1,38,100	2,24,942	3,52,467
12.	Surat District Co-operative Bank	9	9	...	2,019	252	4,22,980	2,13,902	5,08,566
13.	Banking Unions (2)—(*i*) Wada Taluka Co-operative Banking Union and (*ii*) Halol and Kalol Taluka Co-operative Banking Union.†	3	...	...	343	104	41,590	8,243	1,75,939
	Total ...	182*	114	26	15,440	6,273	56,64,570	1,68,01,384	1,96,94,644

*Nine Talukas in Ratnagiri District are served by the Ratnagiri and Chiplun Urban Banks.

†Purva Panch Mahals Co-operative Banking Union was registered after the close of the year, 1945-46.

APPENDIX VI—*contd.*

Serial No.	Name of the Bank.	Percentage of loans outstanding with societies to working capital.	Overdues (including Societies in liquidations).	Loans and deposits held at the close of the year from.			Reserve Fund.	Other Funds.
				Individuals and other sources.	Central Provincial and other banks.	Primary Societies.		
1	2	11	12	13	14	15	16	17
1.	Bombay Provincial Co-operative Bank ...	13·2	9,64,800	3,48,63,605	77,57,995	2,24,33,656	5,64,814	18,20,666
2.	Ahmedabad Central Co-operative Bank ...	16·6	58,834	4,35,268	11,769	17,65,718	26,155	42,558
3.	Barsi Central Co-operative Bank	8·1	27,727	9,34,598	.....	1,86,414	65,537	21,937
4.	Belgaum District Central Co-operative Bank ...	19·4	3,26,498	30,33,124	.....	16,57,288	1,64,121	1,97,651
5.	Bijapur District Central Co-operative Bank ...	18·8	1,00,810	23,17,720	6,46,372	5,56,603	98,450	91,325
6.	Broach Co-operative Bank	8·4	30,236	37,39,579	11,298	6,57,360	1,54,536	97,551
7.	East Khandesh Central Co-operative Bank ...	20·4	8,64,682	74,42,267	9,62,583	38,86,569	4,18,210	6,23,882
8.	Karnatak Central Co-operative Bank ...	32·3	4,74,046	54,66,044	.....	7,23,501	2,81,587	2,95,228
9.	North Kanara District Central Co-operative Bank.	6·5	34,949	5,57,505	.....	3,84,113	30,000	14,231
10.	Poona Central Co-operative Bank	9·2	5,62,082	96,96,963	.....	12,20,158	1,91,227	1,75,652
11.	Sholapur District Central Co-operative Bank ...	9·8	89,743	27,42,090	70,009	4,63,305	68,210	88,948
12.	Surat District Central Co-operative Bank	3·7	67,868	1,02,05,694	1,38,941	21,98,758	2,94,419	4,12,968
13.	Banking Unions (2)—(*i*) Wada Taluka Co-operative Banking Union and (*ii*) Halol and Kalol Taluka Co-operative Banking Union.	42·7	30,493	2,26,874	11,206	1,01,217	14,574	16,310
	Total ...	13·9	36,32,768	8,16,51,331	96,10,173	3,62,34,660	23,71,840	38,08,907

APPENDIX VI—*concld.*

Serial No. 1	Name of the Bank. 2	Working Capital. 18	Owned Capital. 19	Cost of management. 20	Profit or loss. 21	Usual dividend paid on shares. 22	Remarks. 23
		Rs.	Rs.	Rs.	Rs.		
1.	Bombay Provincial Co-operative Bank.	6,94,49,786	43,94,530	7,56,713	+3,24,228	4 per cent. and 1 per cent. bonus.	
2.	Ahmedabad Central Co-operative Bank.	23,89,268	1,76,513	20,447	+29,025	6 per cent.	
3.	Barsi Central Co-operative Bank ..	12,80,276	1,59,264	14,442	+5,126	5 per cent.	
4.	Belgaum District Central Co-operative Bank.	55,33,934	8,43,522	80,292	+50,733	5 per cent.	
5.	Bijapur District Central Co-operative Bank.	39,93,622	4,72,924	57,746	+39,556	4 per cent.	
6.	Broach Co-operative Bank ..	49,19,379	4,99,120	43,744	+31,347	7½ per cent.	
7.	East Khandesh Central Co-operative Bank.	1,54,09,629	17,43,092	1,68,701	+88,223	5 per cent.	
8.	Karnatak Central Co-operative Bank ..	74,72,860	1,93,315	1,39,148	+48,883	5 per cent.	
9.	North Kanara District Central Co-operative Bank.	10,29,139	87,521	9,229	+9,291	5 per cent.	
10.	Poona Central Co-operative Bank ..	1,16,78,970	7,61,849	1,33,741	+49,657	5½ per cent.	
11.	Sholapur District Central Co-operative Bank.	35,70,662	2,95,258	46,597	+33,478	4 per cent. to 5 per cent.	
12.	Surat District Co-operative Bank ..	1,36,73,759	11,30,366	1,01,786	+1,15,563	6⅞ per cent.	
13.	Banking Unions (2)— (*i*) Wada Taluka Co-operative Banking Union and (*ii*) Halol and Kalol Taluka Co-operative Banking Union. ..	4,11,771	1,72,971	22,412	+7,448	5 per cent.	
	Total ..	14,08,13,055	1,20,29,245	15,94,998	+8,32,558	....	

APPENDIX VII.

OPERATIONS OF THE BOMBAY PROVINCIAL CO-OPERATIVE LAND MORTGAGE BANK, LTD., BOMBAY, AS ON 30TH JUNE 1946.

Number of members.		Loans due by primary bank.	Of which overdue.	Share Capital.	Loans and deposits held at the close of the year from		Reserve Fund.
Individuals.	Societies.				Individuals and other sources.	Primaries.	
1	2	3	4	5	6	7	8
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
570	113	28,74,646	26,772	5,03,260	35,05,903	1,08,367	25,596

Other Funds.	Working Capital.	Owned Capital.	Cost of management.	Profit or Loss.	Usual dividend paid on shares.	Remarks.
9	10	11	12	13	14	15
Rs.	Rs.	Rs.	Rs.	Rs.		
16,059	41,59,185	5,33,856	13,354	+6,439	1¼ per cent.	

APPENDIX VIII.

Operations of Primary Land Mortgage Banks.

Serial No.	Name of the Primary Land Mortgage Bank.	Number of members			Share capital from			Loan applications received by Primary L. M. Banks	
		Borrowing.	Non-borrowing.	"B" Class.	Borrowing members.	Non-borrowing members.	"B" Class members.	Number.	Amount.
1	2	3	4	5	6	7	8	9	10
	Old Banks.				Rs.	Rs.	Rs.		Rs.
1	Pachora	199	24	546	15,225	1,250	336	15	37,600
2	Broach	177	3	141	14,255	150	....	10	39,675
3	Dharwar	139	18	447	11,635	450	595	13	31,000
	Total ..	515	45	1,134	41,115	1,850	931	38	1,08,275
	New Banks.								
1	Belgaum	228	169	676	19,345	12,250	....	44	1,18,500
2	Nasik	356	46	1,658	16,865	6,195	....	55	1,09,950
3	East Khandesh	462	56	862	20,915	17,145	748	32	55,900
4	West Khandesh	620	59	3,752	44,425	11,335	3,047	147	2,28,400

APPENDIX VIII—*contd.*

OPERATIONS OF PRIMARY LAND MORTGAGE BANK—*contd.*

Serial No.	Name of the Primary Land Mortgage Bank.	Number of members.			Share capital from.			Loan applications received by Primary L. M. Banks	
		Borrowing.	Non-borrowing.	"B" Class.	Borrowing members.	Non-borrowing members.	"B" Class members.	Number.	Amount.
1	2	3	4	5	6	7	8	7	10
	New Banks—contd.				Rs.	Rs.	Rs.		Rs.
5	Satara	891	55	1,078	25,165	15,480	1,234	68	1,19,150
6	Thana, Kolaba and Bombay	243	70	274	8,605	12,700	165	42	86,550
7	Kaira	98	56	210	10,590	6,385	210	8	17,500
8	Poona	286	60	547	16,785	7,375	547	15	60,400
9	Surat (L. M. Department) (up to 20th May 1946).	88	146	227	8,260	22,755	....	....	....
10	Haveri	174	40	257	8,625	3,075	....	36	67,100
11	Gadag	176	39	340	10,865	2,395	....	1	3,500
12	Hubli	293	82	573	13,615	6,350	278	27	31,680
13	North Kanara	86	68	262	7,040	9,910	....	4	5,500
	Total ..	3,997	946	10,716	2,11,100	1,33,350	6,229	479	9,04,130
	Grand Total ..	4,512	991	11,850	2,52,215	1,35,200	7,160	517	10,12,405

M-o-m Bk Ob 24—5

Serial No.	Name of the Primary Land Mortgage Bank.	Loan applications recommended by Primary Land Mortgage Banks.		Loans sanctioned by Bombay Provincial Co-operative Land Mortgage Bank Ltd.		Loans advanced by Bombay Provincial Co-operative Land Mortgage Bank, Ltd.		Loans distributed by Primary Land mortgage banks to individuals.		Amount outstanding as on 30th June 1946.
		Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	
1	2	11	12	13	14	15	16	17	18	19
			Rs.		Rs.		Rs.		Rs.	Rs.
	Old Banks.									
1	Pachora	20	29,000	16	20,600	13	17,950	12	16,950	2,32,347
2	Broach	12	42,240	1	1,350	2	3,250	1	1,350	1,66,382
3	Dharwar	5	8,800	4	6,850	3	6,100	3	6,100	1,42,255
	Total ...	37	80,040	21	28,800	18	27,300	16	24,400	5,39,984
	New Banks.									
1	Belgaum	14	33,550	11	18,600	11	14,800	11	14,800	2,25,335
2	Nasik	16	28,350	10	16,200	11	16,600	11	16,600	2,13,045
3	East Khandesh	38	58,500	35	58,200	35	50,300	35	50,300	2,98,428
4	West Khandesh	106	2,05,000	138	1,39,550	122	1,53,600	123	1,55,450	6,90,986

APPENDIX VIII—*contd.*

Serial No.	Name of the Primary Land Mortgage Bank.	Loan applications recommended by Primary Land Mortgage Banks.		Loans sanctioned by Bombay Provincial Co-operative Land Mortgage Bank Ltd.		Loans advanced by Bombay Provincial Co-operative Land Mortgage Bank, Ltd.		Loans distributed by Primary Land mortgage banks to individuals.		Amount outstanding as on 30th June 1946.
		Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	
1	2	11	12	13	14	15	16	17	18	19
	New Banks—contd.						Rs.		Rs.	Rs.
5	Satara	29	35,100	29	30,450	29	34,800	28	28,750	3,36,780
6	Thana, Kolaba and Bombay ...	14	31,200	5	5,500	3	4,050	3	4,050	79,534
7	Kaira	1	800	...	.....	...	.....	...	.....	80,803
8	Poona	...	.....	...	.....	5	7,700	5	7,700	2,07,273
9	Surat (L. M. Dept.) upto 20th May 1946.	...	.....	...	.....	...	.....	...	.....	41,339
10	Haveri	6	12,150	8	12,050	9	12,950	8	12,050	1,00,529
11	Gadag	2	2,400	1	1,300	...	.....	...	.....	1,15,783
12	Hubli	5	6,900	8	10,800	8	8,400	9	8,800	1,48,534
13	North Kanara	2	1,400	...	.....	1	1,000	1	1,000	64,355
	Total ...	233	4,15,350	240	2,92,650	234	3,04,200	234	2,99,500	26,02,724
	GRAND TOTAL ...	270	4,95,390	261	3,21,450	252	3,31,500	250	3,23,900	31,42,708

APPENDIX IX.

Information regarding purchase and sale societies in Bombay Province as on 30th June 1946.

Serial No.	Name of the District.	Number of societies.	Number of collecting and distributing depots.	Number of members.		Total value of agricultural and other requisites sold or supplied.	Working Capital.	*Profits.	Remarks.
				Individuals.	Societies.				
1	2	3	4	5	6	7	8	9	10
						Rs.	Rs.	Rs.	
1	Ahmedabad	9	41	4,726	81	42,66,171	3,22,703	63,235	
2	Kaira	16	26	5,055	60	37,26,321	13,58,344	1,55,106	
3	Panch Mahals	14	50	8,288	160	3,79,772	7,02,005	69,181	
4	Broach	6	.....	1,416	.....	38,23,543	4,62,461	31,225	
5	Surat	27	14	8,662	139	36,81,067	10,97,885	49,581	
6	Thana	9	56	1,110	89	23,25,606	5,87,348	44,383	
7	East Khandesh	31	36	6,652	239	50,81,975	11,33,207	99,934	
8	West Khandesh ...	11	9	3,299	331	18,15,511	7,09,787	73,822	
9	Nasik	16	36	2,357	36	27,00,956	4,51,005	1,04,655	
10	Kolaba	4	17	332	27	6,37,143	1,34,463	1,976	
11	Poona	7	3	687	178	14,14,321	3,60,402	30,731	

* The profit figures do not mean that all the societies have worked at profits. These figures are indicated after adjusting losses. The number of societies which have worked out at loss could not be indicated for want of info

APPENDIX IX—*contd.*

Serial No.	Name of the District.	Number of societies.	Number of collecting and distributing depots.	Number of members.		Total value of agricultural and other requisites sold or supplied.	Working Capital.	*Profits.	Remarks.
				Individuals.	Societies.				
1	2	3	4	5	6	7	8	9	10
						Rs.	Rs.	Rs.	
12	Ahmednagar	7	7	1,926	81	20,03,306	4,22,115	8,970	
13	Satara	7	12	618	248	17,48,094	1,13,118	8,818	
14	Ratnagiri	4	4	165	.....	1,412	3,298	.....	
15	Sholapur	5	.....	1,219	126	19,00,748	5,22,840	53,932	
16	Bijapur	4	.....	1,552	138	6,60,668	1,83,447	15,576	
17	Belgaum	7	14	1,167	181	23,53,349	5,33,010	45,535	
18	North Kanara	3	.....	899	46	11,03,607	1,62,548	9,097	
19	Dharwar	10	51	7,302	450	21,41,809	11,28,033	46,441	
	Total ...	197	876	57,432	2,610	4,17,65,379	1,03,88,019	9,12,198	

* The profit figures do not mean that all the societies have worked at profits. These figures are indicated after adjusting losses. The number of societies which have worked out at loss could not be indicated for want of information.

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